Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 75
Bahrain .. Din 0.650	Italy ...... L 1100	S. Arabia .. Rls 6.00
Belgium ... BFr 38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain .... Pta 100
Cyprus .. Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. DKr 7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt £E1.00	Luxembourg . LFr 38	Switzerland . SwFr 2
Finland .. Fmk 5.50	Malaysia .. Rm 4.75	Taiwan ... NT $65
France .. Fr. 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 160
Greece ..... Dr 60	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr 8.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Monday January 30 1984

Meanings and motives behind the arms control talks, Page 13

NEWS SUMMARY

GENERAL

Basques 'behind killing of general'

Spanish police believe that underground Basque separatist group Eta was responsible for killing Lieut-General Guillermo Quintana, 67, former commander of the Madrid region.

The general was shot by two gunmen near his Madrid home when he was returning from Mass. His wife was wounded in a leg and a former colonel was grazed by two shots.

The killing is seen as a retaliation for moves against Eta members who took refuge in the French Basque country. Page 2

France accused

Chad rebels accused France of declaring open war by advancing north, and threatened Libyan military intervention in retaliation.

Paris bomb

A bomb caused heavy damage at the Paris headquarters of armoured vehicle makers Panhard et Levassor, a Peugeot affiliate. Banned extremist group Direct Action said the blast was in protest against military operations in Chad.

Nationwide alert

French Defence Ministry issued a nationwide alert for two Foreign Legion men after the disappearance of their regiment's monthly payroll of about FFr 1m ($120,000) from its headquarters near Nimes.

Israeli resignation

Israeli Minister without Portfolio Mordechai Ben-Porat, an independent, resigned from Premier Yitzhak Shamir's coalition, saying the Cabinet was not functioning properly.

Plea to Italy

Lebanon Foreign Minister Elie Salem left Beirut for Rome to urge Italy to maintain its commitment to the multinational peace-keeping force.

Attacks in Lebanon

Three Israeli soldiers were reported wounded in separate attacks in south Lebanon.

Namibia peace hope

Hopes of a trial ceasefire in Namibia improved after weekend talks between the South African Government and U.S. Assistant Secretary of State Dr Chester Crocker. Page 2

Iraq frees Iranians

Iraq handed over 190 Iranian prisoners to the International Red Cross at Ankara airport. An Iranian airliner arrived to fly them home.

Papadopoulos party

Former Greek dictator George Papadopoulos, jailed for life in 1967, sponsored the formation of a new right-wing political party. A recorded speech by him was smuggled out of prison. Page 2

Irish raid

An armed gang of 12 stole £250,000 ($350,000) worth of paintings, silver and antiques from the home of retired British officer, Major Dixie Coddington, from his home near Drogheda, Ireland.

21,000 arrests

More than 21,000 farmers have been arrested in four days of protests against low crop prices and land redistribution in the southern Indian state of Karnataka.

Doctor Nicklaus

U.S. golfer Jack Nicklaus is to be given an honorary doctor of law degree by St Andrews University, Scotland, on July 17.

BUSINESS

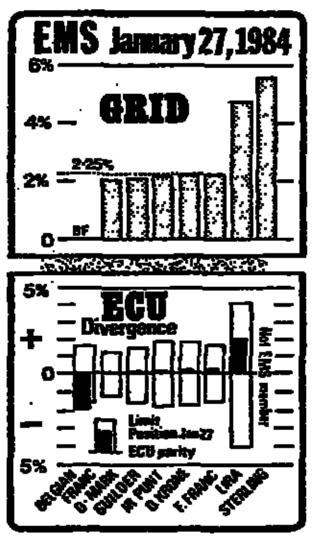
Chrysler plans car link with Japan

CHRYSLER U.S., having talked with possible overseas partners, including West Germany's Volkswagen, is planning a joint manufacturing project for a small car with Mitsubishi of Japan. Page 14

SOVIET First Deputy Prime Minister Ivan Arkhipov arrived in Paris for four days of trade talks, which France hopes will lead to a further cut in its trade deficit with Moscow.

THE BELGIAN franc remained the weakest European Monetary System currency last week and was again outside its divergence limit. Belgium's central bank was active in the foreign exchange market, mainly in an effort to contain the dollar's strength. However, there were fears that a weaker dollar would push the D-Mark firmer and cause renewed strains within the system.

The Italian lira remains the strongest EMS currency and was slightly firmer on the week, with the French franc second.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

U.S. FED'S open market committee meets today and tomorrow and is expected to concentrate on 1984 monetary growth targets, the impact of the introduction of current reserve requirements and the Fed's immediate monetary posture. Page 16

U.S. PAY: Average level of increases won in important settlements in 1983, 2.6 per cent in the first year of contracts, was the lowest in the 16 years since the data has been collected. Page 2

TURKEY is to increase energy imports from the Soviet Union.

INTERNATIONAL newspaper publisher Rupert Murdoch has become a director of U.S. group United Technologies, parent of Pratt & Whitney, Sikorsky Helicopters and Otis Elevators. Men and Matters. Page 12

SOUTH AFRICA'S Competition Board has ruled against the proposed R20m ($15.8m) takeover of National Explosives by the country's largest chemicals group, AECL. Page 16

TEXAS INSTRUMENTS, which left the home-computer market in October, improved fourth-quarter net earnings by 82 per cent at $77.5m, spurred by semiconductor sales, but lost $145.4m in 1983, compared with a 1982 net profit of $144m. Page 14

DG BANK, the West German co-operative banking movement institution, is increasing its risk provisions, particularly for foreign currency, in its 1983 accounts. Page 16

NIPPON ELECTRIC plans to build a second UK factory to make telecommunications and office automation equipment. Page 14

Confident Republicans ready for presidential trail

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

OPTIMISTIC Republicans yesterday geared up to launch President Ronald Reagan towards a second term in the White House, confident that he would finally announce his official candidacy for re-election later last night.

Mr James Baker, the White House chief of staff, said yesterday that he was "absolutely convinced" that Mr Reagan would run. Vice-President George Bush expressed the firm belief that he would again be Mr Reagan's running-mate.

Mr Reagan was still doing everything to maximise the drama of his late-night, nationally televised five-minute announcement, which was being paid for by his official Reagan-Bush '84 campaign committee at a cost of $400,000.

Mr Baker said that Mr Reagan had never directly revealed his intentions, except, perhaps, to his family. Although most of political Washington believes that Mr Reagan has effectively been running for several months, the White House slogan yesterday was still "tune in tonight."

More than 1,000 leading Administration members were gathering with campaign officials and supporters for a major rally at a Washington hotel to celebrate the formal opening of the re-election drive. Mr Reagan allowed his name to be entered in the Pennsylvania primary on Friday, and another nationwide direct mail appeal to 2.2m potential contributors was put in the post yesterday.

Reagan campaign officials said that $4.2m had already been raised and that $26m would be spent before the Republican convention in Dallas in August, despite the fact that there is no other Republican challenging Mr Reagan for his party's nomination.

"Ronald Reagan is in reasonably good shape, but we are not the least bit sanguine," Mr Baker said. "We know from experience that presidential elections have a way of closing up and getting tighter after the nominations. We're expecting a very close race and preparing for it."

The latest Gallup Poll, published yesterday, gave Mr Reagan a 54 per cent approval rating for his overall handling of the presidency, with 37 per cent disapproving. The figures kept Mr Reagan's popularity at the highest it has been for at least two years.

Other recent polls have suggested that Mr Reagan is entering his fourth year in office with the strongest degree of national support of any president since Dwight Eisenhower in the mid-1950s. Most polls show him running well ahead of his two chief Democratic rivals, former Vice-President Walter Mondale and Senator John Glenn of Ohio, although a Gallup survey last week placed the three men neck-and-neck.

Mr Edward Rollins, the Reagan-Bush committee campaign director, said yesterday that the Republicans on the whole preferred Mr Mondale as an opponent to Mr Glenn, because "we know where he stands."

Most political analysts believe that the economy, foreign policy, and Mr Reagan's overall leadership of the country will provide the main issues for the campaign, with foreign policy, and especially the U.S. marine presence in Beirut, recently gaining importance.

Mr Glenn yesterday said that he believed Mr Reagan to be vulnerable in all three areas, and particularly on the "war-and-peace issue." Mr Mondale attacked Mr Reagan for leading "the most special interest-oriented administration in American history, favouring the rich and powerful over women and children, the elderly and the poor."

Mr Reagan "stood with every polluter in America," on environmental issues, Mr Mondale said. "He'd rather take them to lunch than to court."

Profit of £180m is forecast by BA

By Michael Donne in London

BRITISH AIRWAYS, the UK state airline, expects to end the financial year on March 31 with a net profit of around £180m ($252m). At the end of the first six months of the year, last September, the airline had a net profit after interest and tax of about £162m.

Although the winter months are customarily a period in which some airline profits are eroded, British Airways (BA) has done better than expected this winter.

The number of passengers carried has not risen significantly, but the airline's costs have come down substantially as a result of the continued retrenchment programme, with the result that yields have improved.

The airline now has about 37,500 staff against a peak of over 59,000 in 1979-80. Moreover, it is flying far fewer aircraft, having eliminated many older, inefficient jets from the fleet and introduced new, more efficient types such as the Boeing 757.

The 757 with its Rolls-Royce RB-211-535C jet engines, is 25 per cent cheaper to fly than the Trident Three, which has been one of the mainstays of the fleet on shorthaul European routes for many years. The 757 can also carry many more passengers at a time, and the combination of these two factors is having a strongly beneficial effect on BA's revenue yields. The airline has nine 757s in service, with more on order for delivery this year and next.

The Boeing 737, the other important jet in BA's fleet, with 28 in service, another 14 on order and 17 more on option, is also a highly profitable aircraft to fly and is generating significant profits in its own right. The Concorde is also now profitable on the Transatlantic routes and is making considerable sums from extensive charter work.

During the coming week, BA is expecting to submit to the Civil Aviation Authority its detailed views on the current aviation policy review, which the authority is conducting at the request of Mr Nicholas Ridley, the UK Secretary for Transport.

BA is expected to reiterate strongly its opposition to any break-up of its route structure upon privatisation, and to suggest that while some reforms of the domestic and international route licensing structure may be desirable, they should not be introduced at the expense of BA's route structure.

BA is expected to make clear that

Continued on Page 14

Exporters to Nigeria agree on rescheduling trade debt arrears

BY QUENTIN PEEL IN LONDON AND TERRY DODSWORTH IN NEW YORK

Several leading exporters to Nigeria from Europe and the U.S. have agreed with the Nigerian Government on terms for rescheduling the substantial arrears in trade payments owed to them, senior Nigerian officials said yesterday.

The deals rule out any better terms' being offered to other suppliers, the officials insist, although more than 50 companies are seeking to form a united front to negotiate such an improvement.

The latest move in Nigeria's efforts to reschedule a backlog of some $6bn in trade payments came as the new military regime announced a purge of top civil servants in Lagos, with the immediate retirement of 17 permanent secretaries in Government Ministries.

Among those to go are the top officials in the defence, education, agriculture and transport ministries, but the key finance ministry is unaffected. Many of the remaining 30 permanent secretaries have been transferred.

In London, members of the Nigerian team seeking to negotiate a deal on the trade arrears said agreement had been reached with some 10 leading companies, including a big U.S. multinational, large contractors from Holland and West Germany, and a French trading house. Two UK-based traders were also said to be close to agreement.

There was no immediate confirmation of a deal from any of the companies concerned last night. However, a spokesman for ITT, the U.S. corporation with the largest individual exposure in Nigeria, with arrears estimated at $200m, expressed confidence that an agreement would be finalised "in the near future."

"We have found the mood to be most co-operative on both sides," he said. "It is premature to discuss the details, but we are certain that this spirit of co-operation will prevail, and that an agreement satisfactory to all will be finalised in the near future," the ITT spokesman said.

The Nigerians expressed satisfaction with last week's talks held with British, French and West German officials, on the terms for refinancing the portion of the backlog insured by official export credit agencies, estimated at some $2bn. However, they strongly oppose the efforts by uninsured suppliers to form a united front, in order to secure better terms.

The deal being offered to both export credit agencies and individual suppliers is for repayment of the backlog over a period of six years, with a 2½-year grace period, and at an interest rate 1 per cent over the London Interbank Offered Rate (Libor).

The key point of disagreement concerns the refusal to pay any post-maturity interest on the arrears, which have accumulated over the past two years.

Nigerian officials estimate that such an interest payment could amount to at least $450m, even at a token rate, and argue that the new military Government simply does not have such cash available. Exporters say that officials of the former Shagari administration had promised full payment of the backlog, including interest, and that Nigeria had never failed to fulfil such obligations before.

The Nigerian insistence that the terms cannot be improved is clearly directed at the group of companies which last week met in London to appoint a steering committee, and Morgan Grenfell, the British merchant bank, to negotiate a co-ordinated deal. The group is intending to approach the Nigerian Government this week.

Last week's talks have resulted in broad agreement between the governments concerned on the term of any refinancing, although the rate of interest has not been finalised.

"The major export credit agencies have received our terms, and are willing to co-operate," a Nigerian official said. A meeting of all the agencies involved is likely to be

Continued on Page 14

Saudi arms row sours Kohl's visit to Israel

BY DAVID LENNON IN TEL AVIV

WEST GERMAN Chancellor Helmut Kohl flew home from Israel yesterday at the end of a controversial five-day visit that clearly demonstrated that the two countries have different perceptions of what should be the nature of their relationship.

The row over possible West German arms sales to Saudi Arabia epitomised the gulf between the respective attitudes of Bonn and Jerusalem, and, to some extent, marred what had been intended as a goodwill visit.

While the Israelis argued that the Nazi slaughter of 6m Jews placed a lasting moral burden on the shoulders of Germany, Chancellor Kohl declared that "the special relationship between our two countries due to the past has developed more and more into normal relations on account of the change of generations."

Mr Yitzhak Shamir, the Prime Minister, told Herr Kohl that it is "unthinkable" that arms from Germany, a country which tried to exterminate the Jews, should be supplied to an enemy of Israel.

But the West German leader's only public response was to promise to "fully consider the legitimate interests of friendly countries in this region" while deciding on the sale of weapons to Saudi Arabia. "It is important," Herr Kohl said in Jerusalem, "for Europe as well as for us to pursue a realistic and balanced policy vis-à-vis all countries in this region."

Pressed on the morality of German arms' possibly being used by the Arabs against Israel, the Chancellor refused to answer the question directly. While nations should learn from history, he stressed, relations between Israel and Germany should look towards the future.

While the Chancellor did speak of the historical responsibilities of Germany towards the Jewish people, he made plain that on regional issues he believes Israel should be treated in the same way as other friendly countries, and not as a special case, as Jerusalem demands.

The Chancellor's visit also brought little joy to the Israelis in the economic sphere. Israel had asked Germany to increase its annual development aid from the current annual level of DM 140m ($50m).

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THE WEST German Chancellor, Herr Helmut Kohl will today attempt to neutralise the "Kiessling affair" when he makes a statement on the future of Herr Manfred Wörner, the Defence Minister. The Chancellor has come under party pressure to act on the affair which has been smouldering since the minister dismissed Gen Günther Kiessling, deputy Nato commander in Europe, for alleged homosexuality. *Page 2*

Hussein denies strike force plan, Page 2

China prepares for 1,000 foreign deals

BY JONATHAN CARR IN DAVOS

CHINA EXPECTS to conclude about 1,000 contracts with foreign firms this year to import technological know-how and industrial equipment, and will boost this figure further in 1985.

At the same time, the Chinese Government is working to improve conditions for foreign investment and intends to make still greater use of foreign funds to help finance its next five-year plan.

That was announced in Davos at the weekend by Mr Bao Hua Yuan, the Vice-Chairman of China's State Economic Commission, who is leading a strong delegation to the annual symposium of the European Management Forum (EMF).

Mr Yuan was at pains to emphasise to his audience of international businessmen, many keen to make deals with Peking, that China's decision in recent years to open itself economically to the outside world would not be reversed.

"China offers a huge market," Mr Yuan said. "Whatever problems arise can be thrashed out. Our policy of co-operation is not subject to change. We know the legitimate interests of foreign partners must be observed."

Asked what products China wished to buy, Mr Yuan mentioned high-precision machine tools, motor vehicles, power generation and mining equipment and a wide range of other industrial machinery.

He underlined China's interest in joint industrial ventures with foreign enterprises and said Peking aimed to increase the domestic market share of products that emerged from such ventures.

Mr Yuan noted this would help allay the worries of potential foreign partners, who previously had been put off by Peking's insistence that they "buy back" part of production to help finance deals. He agreed that Peking had "laid over-emphasis" on this stand in the past.

He said Peking had also decided:

- To ease tax policies, including speeding up double taxation accords with other countries, to encourage foreign investment.
- To speed the process of negotiating contracts with foreign firms. He estimated that at present negotiations took an average of three to five months before a contract was signed but there were wide variations.
- To extend the services made available by the Bank of China.

Mr Yuan also said that last year China's industrial production rose by 10 per cent against 1982

Peking crackdown on grain theft, Page 2

Renault 'lost $88m' on coffee

By David Housego in Paris

RENAULT, the French state-owned motor manufacturer, is reported to have lost nearly FFr 600m ($88m) between the years 1975 and 1977 when it ventured out of its own field into the manufacture of instant coffee.

Disclosing Renault's ill-fated investment, the French magazine Le Point linked it to the loss by the Elf-Erap state-owned oil group of FFr 555m on "oil sniffer aircraft." For nearly three years, Elf believed that the "sniffer" aircraft, equipped with electronic sounding devices, could detect oil structures from the air.

Renault, in a statement yesterday, admitted the broad outlines of Le Point's disclosures but said there had been no violation of French laws. One of the charges against Elf was that with the approval of President Giscard d'Estaing's administration, substantial funds were channelled abroad by irregular means in support of the project.

The comparison with the Elf affair is that both state groups lost substantial sums and both were taken in by worthless inventions. In the Renault case, the motor manufacturer was sold a new process for

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CONTENTS

OVERSEAS NEWS

Hopes rise for ceasefire in Angola war

BY J. D. F. JONES IN CAPE TOWN

THE PROSPECT of a trial-ceasefire in the Namibia-Angola border war has strengthened as a result of weekend talks in Cape Town between the South African Government and Dr Chester Crocker, U.S. Assistant Secretary of State for African Affairs.

Both sides were diplomatically keeping silence as Dr Crocker departed for Lusaka, but Mr P. W. Botha, the South African Prime Minister, is expected to announce an agreement later this week when he speaks in parliament in Cape Town.

The South Africans last December—at the very time they were carrying out a five-week invasion deep into southern Angola—offered to withdraw from Angola for the month of February.

Dr Crocker and Western diplomats seized on this as an opportunity to reactivate the Namibian negotiations, which had seemed to be deadlocked by the South African insistence on the "linkage" of their own retreat from Namibia with a withdrawal of Cuban troops from Angola.

Dr Crocker has been attempting to find a way around the conditions with which the Angola Government, not surprisingly, responded to the South African ceasefire proposal. U.S. and Angolan officials met in Cape Verde last week.

As a result of two days of talks in capetown Mr Pik Botha South Africa's Foreign Minister, and also with Mr P. W. Botha, he will be able to carry to Lusaka, and thence to Luanda, his assessment of the true intentions of the South African Government.

Diplomats hope that, once a ceasefire has been agreed—and provided the South Africans are given no reason for excuse to claim that soldiers of the South West African People's Organisation (Swapo) are exploiting that ceasefire to their own advantage—it might be possible to resume negotiations for the implementation of a United Nations supervised procedure towards Namibian independence.

As a result of years of diplomatic activity, the framework and the agenda are agreed and ready for implementation, but the issue of the Cubans—on which Pretoria has been supported by Washington—has remained a fundamental obstacle.

Reuter reports from Lusaka: Guerrillas fighting South Africa for the independence of Namibia said yesterday that they would accept a ceasefire if Pretoria agreed to discuss with them the territory's independence.

The statement was quoting the president of Swapo, Sam Nujoma.

'Eta behind killing of Spanish general'

By David White in Madrid

A FORMER Madrid army commander was shot dead yesterday by two gunmen presumed by police to belong to the underground Basque separatist organisation Eta.

The killing is believed to represent ETA's riposte to recent moves against prominent members who had taken refuge in the French side of the Basque country.

Six top Eta figures were recently expelled by the Mitterrand Administration from the French mainland after strong pressure from Madrid.

Gen Guillermo Quintana Lacaci, 67, who was on the army's retired list, died from bullet wounds in the head. His wife and another ex-officer were hurt in the attack.

It was the first time that such a senior military figure had been a terrorist target since the Socialist Government took power in Spain in December 1982.

The assassination took place as the General was returning from mass. The circumstances recalled those of the murder 10 years ago of Admiral Carrero Blanco, then Prime Minister under Gen Franco.

The last time a top officer was killed was in November 1982 when Eta shot Gen Victor Lago Roman, commander of the élite Brunete armoured division.

Road blocks were set up around Madrid yesterday

U.S. pay rises lowest for 16 years

BY STEWART FLEMING IN WASHINGTON

THE AVERAGE level of wage increases won in major U.S. collective bargaining contracts last year was the lowest in the 16 years since this data has been collected, according to the Bureau of Labour Statistics.

For the 3m workers who reached settlements last year in collective bargaining units with 1,000 workers or more, the average first-year increase was 2.6 per cent, with a 2.8 per cent rise annually over the remaining life of the contract, usually two or three years.

The bureau said that these same workers, when they last completed their wage agreements two to three years ago, won increases of 9.3 per cent in the first year and 6.8 per cent in subsequent years of their contracts.

The data covers industries such as telephone communications, airlines, transportation, steel and construction, in some of which workers were forced to settle for cuts in their wages.

Thus, of the 3m workers covered, 1.9m won first-year increases of 5.8 per cent, but 460,000 workers in steel, transportation and construction suffered first-year wage cuts averaging 6.7 per cent.

Some 667,000 construction workers secured increases of only 1.5 per cent in the first year and 2.3 per cent annually over the life of the contract.

The low level of wage increases last year has been seen as a factor which has helped to keep inflation down in the U.S.

But economists are cautious about reading too much into the figures. With the economy growing strongly and employment rising, forthcoming settlements will be reached in conditions much more favourable to labour.

The inflation outlook will be one of the important issues to be debated at what is seen as a more than usually important meeting of the Federal Reserve Board's monetary policy-making arm, the Open Market Committee, in Washington today and tomorrow.

The meeting, which takes place ahead of the release of President Ronald Reagan's budget message to Congress on Wednesday, will be preparing the ground for the first of Mr Paul Volcker's twice-yearly presentation to Congress about the thrust of monetary policy. The Fed chairman will give his testimony on February 7 and 8.

The meeting also co-incides with the introduction this week of an important shift in the Fed's monetary policy techniques, to what is termed Contemporaneous Reserve Accounting. The new technique replaces the lagged reserve accounting in place since 1968.

Since that year, banks have determined the level of their reserves on chequing accounts on the basis of the level of their deposits two weeks earlier.

Under the new system, which monetarist economists have been pressing for on the grounds that it will enable the central bank to control the money supply more effectively, there will only be a two-day lag between the end of the period for calculating the level of deposits and putting aside the required reserves.

House market stock to be launched in Japan

BY TERRY DODSWORTH IN NEW YORK

THE American authorities are launching U.S. mortgage-backed securities in Japan as part of a programme aimed at internationalising the financing of domestic housing market stock.

Announcing the plan in Tokyo, Mr Samuel Pierce, secretary of the U.S. department of Housing and Urban Development, said that the time had come for a world market in such securities. An initial sale of $100m of paper from the Government National Mortgage Association is planned in Japan in the near future. It will be handled by Salomon Brothers of the U.S. and Daiwa Securities of Japan.

The U.S. securities involved in the plan are known as Ginnie Maes after the section of the U.S. Department of Housing and Urban Development which guarantees them. They derive from the U.S. system of packaging together individual mortgages and then selling them to be traded

Five issues of Ginnie Maes have recently been listed in Europe on the Luxembourg stock exchange, and last week were also listed in Singapore. There is a possibility that they will also be listed on the Tokyo stock exchange, but Japanese investors will meanwhile be able to purchase and trade them following Ministry of Finance recognition.

Interest rates on the five issues range between 8 per cent and 11 per cent. The U.S. authorities believe that at these levels there will be a ready market for the securities

Proposals to update European education

By Ivo Dawnay in Brussels

THE EUROPEAN Commission has released details of a new initiative aimed at tailoring the efforts of educational and training institutions to the needs of new technology industries.

The proposals, which now go for approval to the Council of Ministers, centre on the creation of "partnership programmes" between industry and training establishments adapted to meet local or regional needs.

The scheme also calls for further research into the effect of new technologies on manpower policies and working practices, along with the creation of common European principles for the promotion of special agreements between labour and industry.

Presenting the proposals, Mr Ivor Richard, the Social Affairs Commissioner, said that the new industries could create between 4m-5m new jobs in the EEC over the next 10 years.

He added that EEC member states were "lagging lamentably" far behind Japan which has more than twice as many graduate electronic engineers per head of population.

"It is a great irony that Europe's greatest asset is its human resources, but at the same time the most severe constraint on industrial and technical progress, in the view of European companies, is the lack of suitable manpower," he said.

Mr Richard would not be drawn on the cost of the proposals, though he suggested that resources could be made available either through the Social Affairs budget or through a new fund.

Meeting of Opec body postponed

By Richard Johns

THE MEETING of the Organisation of Petroleum Exporting Countries' market monitoring committee, originally scheduled for February 10 in Vienna, is understood to have been postponed and provisionally reset for March 9.

Members of the four-man ministerial committee chaired by Dr Mana Said al-Otaiba, the United Arab Emirates Minister of Oil, have agreed that more time will be required to assess how hard the squeeze on demand for Opec oil in the second quarter of the year will be.

Opec has been fortified by the recovery of prices on the spot market but its experts are well aware that the cold winter in the northern hemisphere, especially the U.S., and relatively low level of stock has been responsible.

Moreover, other Opec members are faced with Nigeria's demand for an increase in its quota of 1.3m barrels a day under the present production sharing agreement to 2m b/d and have to assess how strongly Nigeria would push it.

Any attempt to renegotiate quotas could prove fatal for Opec's $29 reference price when it is faced with the prospect of demand for its oil dropping to as little as 16.5m b/d in the second quarter.

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Marcos likely to win changes

PHILIPPINE voters appear to have approved of amendments to the constitution in a referendum marked by comparatively little violence and a lethargic turnout, Reuter reports.

The Government of President Ferdinand Marcos seemed to have shown little enthusiasm in pre-referendum campaigning – perhaps because its members were more concerned with forthcoming parliamentary elections in May – and in many areas voters appeared to have shown the same disinterest.

The political opposition ignored the poll completely and called instead for a boycott. Many of those favouring a boycott joined a two-day protest march on Manila from Tarlac, birthplace of the opposition leader Sr Benigno Aquino.

Chinese probe reveals widespread grain theft

BY MARK BAKER IN PEKING

CHINESE AUTHORITIES have uncovered 14,700 cases of theft and corruption during nationwide investigations of grain handling agencies.

Official reports say the so-called "grain rats" have been responsible for stealing a total of 58m and 18,000 tonnes of grain and edible oil.

A circular issued by the Communist Party's Central Discipline Inspection Commission has ordered tougher action to control criminal activity within provincial organisations controlling grain and oil distribution.

"If the grain rats indulging in embezzlement and corruption in the grain departments are not dealt with seriously and ferreted out, the economic losses will be enormous," said a commentary in the party newspaper, "People's Daily."

"Grain is the treasure of treasures and we must plug the rat holes."

The party commission said that up to last November three grain officials had been executed for their involvement in the rackets, which had included some leading party officials and members.

Most of China's grain and oil supplies are collected and distributed by the state at fixed prices, but surplus produce can fetch much higher prices at the free markets.

Minister quits Cabinet post

By Our Tel Aviv Correspondent

MR MORDECHAI Ben-Porat, a Minister Without Portfolio, resigned from the Israeli Cabinet yesterday, but promised to continue supporting the coalition Government headed by Mr Yitzhak Shamir.

He complained that the Cabinet was not functioning properly, because personal and political rivalries made proper decision-making extremely difficult.

The disaffection of Mr Ben-Porat, head of a one-man faction in the Knesset (parliament) is the latest example of the fraying edges of the coalition.

Statement today on the future of Woerner

BY JAMES BUCHAN IN BONN

HERR Helmut Kohl, the West German Chancellor, will today make a "clear and immediate" statement on the future of Herr Manfred Woerner, his sorely embattled Defence Minister, whose career is in serious doubt because of the so-called "Kiessling Affair."

Herr Kohl, visibly exasperated by the disruption the affair has caused to a difficult visit to Israel, flew back yesterday to his constituency home and will hold a meeting with Herr Woerner today.

He will be greeted by equal exasperation within the government parties at Herr Woerner's handling of the affair, now entering its fifth week.

The affair, which began with the dismissal of Gen Guenter Kiessling late last year on the grounds of security risk, took on a new dimension last week when it was found that the Defence Minister and a senior chancellery official had received witnesses to hear allegations of homosexuality against the general.

The parliamentary party of the Christian Democrat-Christian Social Union (CDU-CSU) is now demanding that the Chancellor hold a meeting with coalition representatives to find a means of stopping "the affair from smouldering for weeks and months more."

Herr Franz-Josef Strauss, the CSU chairman who turned down the offer of the Defence Ministry after the elections last March, yesterday also criticised Herr Woerner's decision to hear the new allegations: "I doubt very much this was wisdom of the first order—to put it mildly."

He went on to suggest that if Herr Woerner goes, it would be hard to keep Count Otto Lambsdorff, the Free Democrat (FDR) Economics Minister who faces court proceedings on suspicion of taking bribes.

Herr Kohl is understood to want to avoid a full re-shuffle at all costs, so as not to upset the balance between the three coalition parties in favour of Herr Strauss.

French unions attack job-creation plans

BY DAVID HOUSEGO IN PARIS

PROPOSALS due to be discussed by French ministers today for creating new jobs in industrially declining areas have already come under heavy fire from trade unions and the Left of the Socialist Party.

The proposals have been put forward as part of the Government's attempt to minimise the unemployment consequences of industrial restructuring in such ailing sectors as steel, coal and shipbuilding.

The central idea would be the creation of some 15-40 special zones in which companies would be encouraged to set up new factroies by a combination of tax incentives and a relaxation of existing labour and social legislation.

M Jacques Delors, the Finance Minister, has spoken of "free zones" attractive to investors and M Pierre Mauroy, the Prime Minister, of "areas of industrial reconversion."

As leaked to the press, among the ideas to be discussed today would be proposals for waiving or modifying in the "free zones" current regulations that weigh heavily on small employers.

Companies with more than nine employees are now required to pay out an additional 3 per cent of their salary bill in social security contributions and various taxes.

Companies with more than 11 people must appoint a worker's delegate: and once the threshold of 50 people has been crossed, they must set up various works committees.

As reported in the Press — since strongly denied by the Prime Minister's office—companies in the special zone would have been given a free hand over redundancies.

Reaction from unions and the extreme Left over the weekend has been quick and explosive.

In the face of this outcry, the Prime Minister's office issued a statement over the weekend saying that the Government had taken no decisions and that it would consult before doing so with employers and unions.

Jailed Greek junta chief launches new party

BY ANDRIANA IERODIACONOU IN ATHENS

THE jailed leader of the military junta which ruled Greece from 1967 to 1974, former Col George Papadopoulous, launched a new ultra-right political party yesterday, which plans to put up candidates for next June's European Parliament elections.

About 5,500 supporters attended a rally to launch the National Political Union (EPEN) in central Athens yesterday. Many wept as a message taped in Papadopoulos' prison cell was broadcast over loudspeakers.

The former dictator, using language reminiscent of the seven-year junta, pledged to restore "Hellenic Christian ideals" to restore law and order in schools and universities and consolidate Greece's role in the Western strategic camp.

By leading the party's European election ticket, Mr Papadopoulos planned to use EPEN to try to secure a release from prison, where he is serving a life sentence for treason. "If Papadopoulos gets a seat, the Government will be faced with a problem," a party official said.

EPEN could also spell the loss of a significant number of votes for the conservative New Democracy Party.

Gas find off Netherlands

By Walter Ellis in Amsterdam

NAM, the Dutch oil company owned jointly by Esso and Shell, has made what could be a major offshore gas find some 30 miles north-west of the Netherlands.

The new field, located in Block L13, is thought to be capable of producing up to 2m cubic metres of high-quality gas per day. It is possible—though this has to be confirmed by NAM—that the field could contain a total of 35bn cu metres of gas.

Between 1961 and 1982, discoveries totalling 300bn cu metres of natural gas have been made in the Dutch sector.

Hussein denies strike force plan

BY RAMI KHOURI IN AMMAN

KING HUSSEIN of Jordan has denied any plans to set up a "Jordanian rapid deployment force," which would be able to react speedily to any threat to the Arab oil states in the Gulf. The Reagan Administration said last week that it planned to ask Congress for up to $220m in grants to set up such a force.

King Hussein stressed at the weekend that Jordan's armed forces had a long history of coming to the aid of any Arab state that felt threatened, such Kuwait and Oman. Jordan would always help an Arab state that requested its military assistance, he said.

The U.S. plan for the Jordanian strike force has placed Jordan in the awkward position of seeming to safeguard American strategic and security concerns in the Middle East.

King Hussein said his top priority was to formulate a joint political programme with the PLO, which he hoped would win majority support at a forthcoming Arab summit and therefore allow the Arabs to take the initiative in unblocking a Middle Eastern scene now characterised by "paralysis that we cannot live with or accept."

David Lennon adds from Tel Aviv that persistent reports in the Israeli media imply that Israel may go along with the U.S. plan for a Jordanian strike force, rather than face a full-scale confrontation with the Reagan Administration in this election year. However, Israel's Foreign Ministry yesterday flatly denied that Israel had dropped its objections to U.S. aid for such a force.

OVERSEAS NEWS

Mary Helen Spooner, recently in La Paz, examines the plight of Bolivia

Political fear weakens economic resolve

IN BOLIVIA it is sometimes difficult to reconcile political survival with sound economic management. The 15-month-old government of President Hernan Siles Zuazo has been reluctant *to take any decisive steps toward* turning the county's battered economy around as it tries to keep from drowning in Bolivia's treacherous political waters.

Central bank preliminary *estimates of the contraction in* Bolivia's Gross Domestic Product last year range from 7.6 per cent to 12.2 per cent following 1982's estimate of a contraction of between 8.7 per cent and 9.9 per cent. The rate of inflation, which reached 296 per cent at the end of 1982 topped 300 per cent last year.

As the Siles Government tries to offset the political repercussions of the economic crisis by decreeing periodic wage and salary rises, it faces conflicting demands between Bolivian labour and business groups.

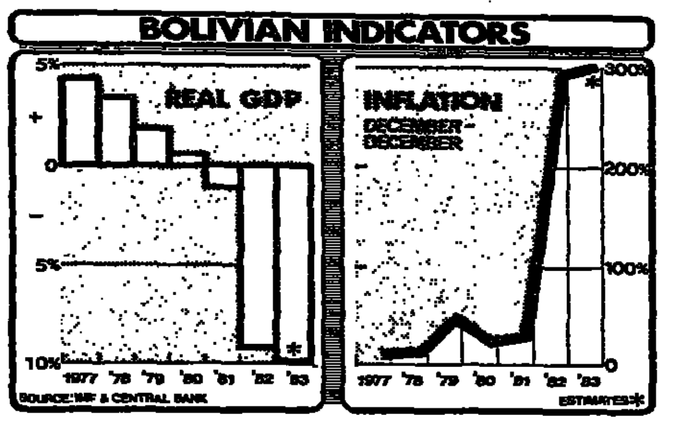
The last package of economic measures, announced in November, was a focus of the conflict. The Bolivian peso was devalued from 200 to 500 to the dollar. The move was opposed as anti-populist by the country's powerful labour federation, the *Central Obrero Boliviano*, while the Bolivian confederation of private enterprise criticised *the devaluation as insufficient.* The labour federation declared a one day national strike, followed by a 48-hour strike in December and is considering a 72-hour strike, pending the outcome of talks with the Government.

The black market rate for the dollar, which had been 200 to 300 pesos higher than the official rate, shot up to 1,500. The *Bolivian authorities have not* made any attempt to curb the black market, which provides importers with a means, albeit an expensive one, of getting around central bank regulations on imports. These are currently restricted to pharmaceuticals, foodstuffs and industrial equipment.

Sr *Fernando Baptista, the* Bolivian Finance Minister, defends the exchange rate on the grounds that a larger devaluation would make no difference in the country's exports. "We basically export two products, tin and natural gas, and even if we devalued by 1,000 pesos to the dollar, our production and exports would not increase because the market for these products *remains depressed," he said.*

The immediate outlook for Bolivia's financial situation is not promising. A proposed project to build a pipeline to send Bolivian natural gas from Santa Cruz *to Sao Paulo, in* Brazil, which might have earned Bolivia an additional \$600m in annual export revenues, suffered a setback last year when Brazilian officials began studying the possibility of tapping natural gas deposits in North-West Brazil.

A series of strikes at the state-run mines have reduced production while low international prices for tin, tungsten and antimony have cut revenues further. Last year, floods in Eastern Bolivia *and a crippling* drought in the Western high plateau, the Altiplano, reduced the agricultural harvest by between 40 and 60 per cent.



These disasters obliged Bolivia to spend \$170m in foreign exchange to pay for agricultural imports to make up the food shortfall. The prospects *for this year's harvest are* mixed, with plantings down by as much as 80 per cent in the *Altiplano but with fairly good* crops expected from the Eastern regions.

Against this background, Bolivia's labour and Leftist political groups — including some of those who make up President Siles's own governing coalition—have been quick to oppose any signs that economic austerity measures might be imposed to alleviate the balance *of payments problem.*

Bolivia has been negotiating a \$350m extended fund facility with the International Monetary Fund, a first step toward rescheduling its commercial loan obligations. These have been technically in default since September 1982.

The country is currently pay*ing \$7.5m a month in interest*—a 50 per cent reduction agreed by the banks when Argentina *went into arrears on payments* for Bolivian natural gas, depriving Bolivia of about half its *export earnings.* But the banks want Bolivia to repay all the interest due before any serious *discussion of debt restructuring* takes place.

The IMF would also like to see Bolivia close the gap between the official and black market exchange rates, as well as reduce Government spending. According to Sr Baptista, virtually all Bolivia's state spending involves interest payments and salaries for Government employees, which would leave the Siles Government with the politically dangerous option of eliminating jobs in the public sector to meet IMF conditions.

While the Government ponders its alternatives, the lack of any well-defined economic policy has cost Bolivia potential sources of financial aid. A second session of a *United Nations conference on* emergency economic aid to Bolivia scheduled to be held last October in La Paz had to be delayed until this month and then postponed indefinitely due to "political considerations."

Offers of bilateral aid have also run into bureaucratic bottlenecks. "We have gone to *them (the Bolivian authorities)* with money in hand which they couldn't accept because they couldn't get the necessary paperwork done," a foreign diplomat said.

The 160 years of Bolivia's history as an independent republic have been riven with revolution, military putsch, palace coup and insurgency and the country has never been able to develop a tradition for administrative competence, to say nothing of political stability. President Siles will need all his skill *and a great share of luck* if he is to start putting right the inheritance of the past.

Spain to rationalise motorway system

BY DAVID WHITE IN MADRID

THE SPANISH Government has announced a legislative package aimed at rationalising the country's depleted motorway system, which is privately run as government concessions, and at channelling external credit to the sector.

The Cabinet approved the creation of a national motorway company named Enausa and authorised the Treasury to *raise* \$350m in external loans which will be administered by the Instituto Oficial de Credito (ICO).

Enausa is the result of the merger of the companies operating the Atlantico motorway, projected to link towns along the north-west Galician coast, and the so-called Astur-Leonesa motorway which is due to join Castille to the industrial Asturias region. Both companies were in severe financial difficulties and were nationalised in the autumn.

The Government also merged Acesa, the company which operates the Barcelona-French frontier route, and the Zaragoza-based Acasa, which has concessions for motorways in the Aragon region.

Acasa, which was running at a considerable loss, is a subsidiary of Acesa and the Government has a 58 per cent *stake in the latter* as a result of a rescue operation mounted by the deposit guarantee fund. The Government holding in the newly merged company is expected to be passed on to Enausa.

Officials stressed that the measures were intended solely to rationalise a deeply depressed sector and that there was no intention of building up a nationalised motorway system to compete with the private concessions.

Conservative tops Ecuador poll

CONSERVATIVE leader Sr Leon Febres topped opinion polls on the eve of Ecuador's presidential election but political analysts said they doubted whether any candidate would win outright and a run-off would be required, Reuter reports.

There are nine candidates in the field, with Social Democrat, Sr Rodrigo Borja listed second in the latest poll.

It showed Sr Febres leading the race with 33.7 per cent, Sr Borja with 21 per cent and the seven other candidates trailing far behind in the fight to succeed President Osvaldo Hurtado, barred by the constitution from seeking re-election.

Polling is compulsory – Ecuado*reans risk suspension of civil rights* if they fail to vote – and a run-off between the two top contenders will *take place on May 6 if there is no* outright winner.

Police have gone on the alert and soldiers dispersed to the 12,910 polling stations to head off any violence.

A total of 17 parties are vyin g for a range of posts in the voting, including 71 congressional seats and 675 provincial and municipal positions.

Sr Febres, 52, and Sr Borja, 48, have presented radically different solutions to the severe recession hitting this oil-rich country that enjoyed Latin America's highest sustained growth rate during the 1970s.

Sr Febres favours cutting back the *state's role in the economy* while Sr Borja advocates expanding it to end the nation's economic *slump, due in part to the fall in oil* prices.

Over the last year Ecuador has *suffered 52 per cent inflation, with* one out of every two workers without a full-time job.

TECHNOLOGY

EDITED BY ALAN CANE

ADVANCES IN CUTTING

A pinch of sand gives Jetin the edge

BY TIM DICKSON

FOREIGN visitors to Jetin Industrial are apparently greeted by the sight of their national flag unfurled above the front door of the company's Epsom, Surrey, headquarters.

"We have about 30 in stock," explains director Mike Peart, "and the gesture always seems to go down well."

Just at the moment, though, high pressure water jet specialist Jetin is somewhat keener to raise its own colours. For thanks to a new abrasive jet cutting machine which it has developed over the last nine months—which is capable of accurately shaping a wide range of materials (including high tensile steel, armoured glass and titanium)—the company believes it is on the verge of a major sales breakthrough.

"Cutting thick glasses by conventional means is both time consuming and therefore costly." Abrasive water jet cutting has been used in mining.

The new jet combines ferocious power (up to 13,000 psi) with a fine cutting edge. The jet uses fine sands delivered evenly throughout the nozzle.

Jetin (formerly a division in, now a fully fledged subsidiary of F. A. Hughes) has been in the water jetting business for more than 20 years.

Among the applications for its established range of machines are the underwater removal of barnacles from oil rigs and ships' bottoms, the automatic cleaning of coke oven doors in the steel industry, and the maintenance of motorway earth moving equipment. Competitors include two German companies—Woma and Hammelmann—and Neolith and Aqua Hydraulics in the UK.

Jetin's new abrasive water jet, however, is claimed to be a much more versatile piece of technology and will cut curved or complex shapes out of most materials, giving a good edge quality without damaging the surface.

Developed in conjunction with Pilkington Brothers—which commissioned Jetin to work on the project a couple of years ago—the machine has already been used at the glass maker's R and D establishment to cut out aircraft windscreens, bullet resistant windows for cars and anti-vandal and security glazings.

"Cutting thick glasses by conventional means is both time consuming and labour intensive and therefore costly," said a Pilkington spokesman. "Abrasive water jet cutting has been used in areas such as mining although these were fairly crude systems. We needed a small easily worked machine that could operate to relatively fine tolerances."

The best companies are always on the look out for spin offs from sub-contract work. And having successfully built a machine for a specific purpose, Jetin was indeed convinced that its possible applications were much greater — a view which seemed to be confirmed last April when a modest amount of publicity in trade and technical magazines elicited inquiries from more than 1,000 different organisation (ranging from universities to big blue chip companies). Glazed cherries and a tree trunk embedded with nails were among the more unusual materials submitted by respondents with cutting difficulties of one sort or another.

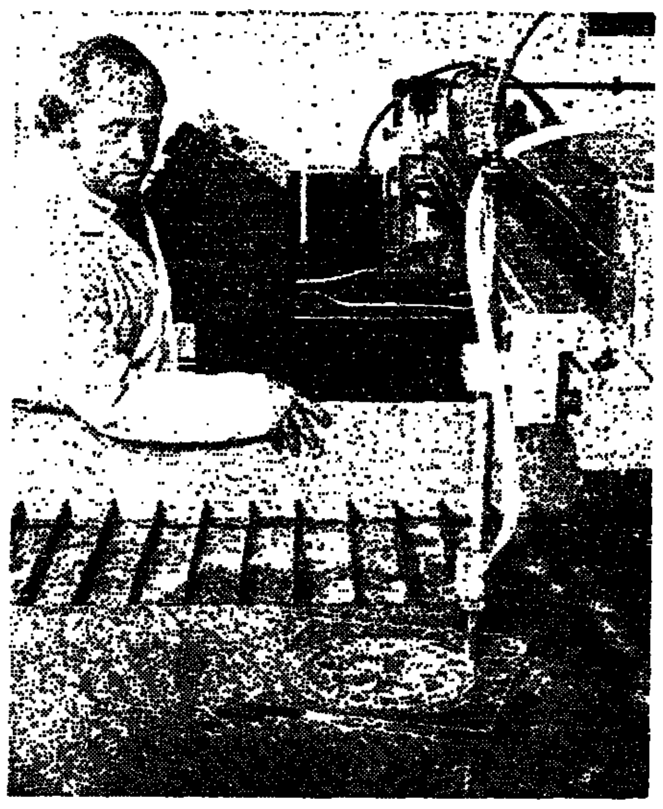
Jetin, meanwhile was confident that at least 20 per cent of those interested were potential customers and have since invested more than £50,000 to improve the "Heath Robinson" prototype which the company's abrasive cutting specialist Bob Phillips says was used for the Pilkington project. Further market research has also been commissioned but as Peart points out, "new applications keep popping up which we would never have thought of."

Glazed cherries and a tree trunk embedded with nails were some of the more unusual materials submitted by respondents with cutting difficulties.

The machine consists of a standard Jetin high-pressure pump to feed the head, an optical following machine (manufactured by Hancock Cutting Machines) to trace the required shape, a combined cutting table/waste tank, and an abrasive feed unit. According to Phillips, the key lies in the patented tungsten carbide nozzle in which abrasive and water are mixed and then accelerated accurately on to the material surface at up to 13,000 psi. The pressure and amount/type of abrasive can be varied depending on the quality of finish required and the material being cut.

While by no means claiming to have bettered every other cutting method—the machine is not, for example, intended to replace the traditional diamond saw for cutting a straight glass edge — Phillips claims that abrasive jet cutting has several significant advantages over other cutting methods.

No heat is generated (as with the oxy-fuel technique) so the risks of cutting in hazardous areas are reduced. Materials—stretched acrylic excepted—do not distort as there are no stress points. And the process does not create a dust hazard which means that materials such as fibreglass, concrete and even asbestos can be cut without any of the usual dangers. Unlike lasers, abrasive jets are not limited by the thickness they are able to cut through and can pass through an air gap.



The machine can cut complex or curved shapes. It was developed by the Pilkington glass group and Jetin Industrial. It uses water mixed with fine sand to produce a sharp cutting edge

DRUG DISPENSING

Automatic labels by RIVA adopted

BY GEOFFREY CHARLISH

RIVA TURNKEY Computer Systems, a five-year-old 50-employee company in Bolton, has won a £1m contract from Boots to supply about 1300 screen and keyboard terminals for labelling pharmaceutical bottles and containers.

Although many High Street pharmacists already use typewriters and some have label printers, the Pharmaceutical Society—their professional body—has recommended that all labels should from the start of this year be either typed or printed.

The recommendation (it is not a legal requirement) arises from the growing realisation that old people for example, or those with impaired eyesight, may not be able to read handwritten or even hand-printed labels. The result can be inaccurate or possibly dangerous medication.

Riva's new computerised machine makes the chore of bottle labelling quick and easy. The compact, counter-top unit has a typewriter-like keyboard with several dedicated function keys, a small cathode ray tube screen and a built-in printer producing labels from an adhesive-backed roll housed in the casing.

Details of up to 2,000 drugs can be permanently held in the unit's semiconductor memory and this can be modified at any time. There are no disc or tape stores.

A representation of the label to be printed appears on the screen showing the name of the drug, the dose, any interaction or warning messages and a space in which to enter the patient's name. The label is also timed and lated.

Printing can be in red or black, and any label can be repeated as required. The printing operation takes only three or four seconds.

The machine has been developed over the past year in conjunction with the Gallup Organisation, which is conducting a nationwide overnight poll of High Street pharmacists in order to determine the top selling products.

Gallup has deployed 500 of the labellers and makes use of the in-built communications facility in which a central computer dials each of the 500 units overnight to discover what has been sold.

This phone link facility also allows Riva to send new software to each machine and to provide software support "as if a programmer were sat in your shop."

The unit occupies 12 x 18 x 6 inches and plugs into a normal mains socket. No computer knowledge of any kind is needed to operate it.

The basic model holding 500 drug entries costs £850, or £1,250 with 2,000 entries. The communications model is priced at £250. More on 0204 391423.

MAINFRAMES

Burroughs get an 'A' in large systems

BURROUGHS HAS announced the first of its new "A" range of mainframe computers in the UK. It is the A9 and is intended to replace the B6900 machine which came on to the market in late 1979.

Burroughs, which believes it has about 6 per cent of the big computer market, expects to ship about 130 of the machines in 1984, mostly in the U.S. Deliveries of the A9 will start in Europe in the third quarter. The computer will be made in California.

The A9 will be supplied in three upgradeable sizes with memory from six to 24 megabytes. In comparison with the B9600, it will have about four times the memory and twice the throughput, with an average data transfer rate of 4.5 megabytes per second. Prices will be between £0.25m and £0.5m.

The doubled throughput is mainly due to the uniting by Burroughs engineers of two already established computing techniques — pipelining and multiprogramming, to give multiple logical processing or MLP.

Multiprogramming is a technique in which the execution of several programs is interleaved on a single processor. The time intervals during which one program is waiting (for example, for some data to come from memory) are used to execute parts of other programs.

A more recent technique, pipelining can also give improved performance on a single processor. It is based on the fact that a sequence of instructions often does not have to be completely sequential.

For example, in the instruction $(a + b) - (c + d)$, the addition in the second bracket can be carried out at the same time as that in the first—the machine is able to "look ahead" to see what the possibilities are. Then, several modules within the processor perform, in parallel, the various steps in the execution of the instruction. The machine becomes faster.

What Burroughs has done in the A9 is to use the two techniques simultaneously in "multiprocessing." That is, multiple processors are used to execute multiple programmes.

The multiple logic processor, MLP, enables the system to simultaneously multi-program and multi-process instructions at machine code level. The MLP treats each object code instruction as a separate micro-program. Multiple instructions are no longer handled sequentially.

Instead they are shared between, and individually processed by, three logical processors working in parallel. Burroughs claims that in most applications it can double the throughput of the CPU (central processor unit).

The technique, along with new hardware deploying emitter-coupled logic (ECL) microcircuits, has been applied without jeopardising compatibility with existing B6900 software, or field upgrading. The A9 will support all existing Burroughs large system applications software.

Compared with the B6900, the A9 needs 50 to 75 per cent less power, air conditioning and floor space. With the three system cabinets arranged in line, the computer measures 44 in. high, 29 in. deep and is 8.5 ft. long. More on 01 750 1291.

GEOFFREY CHARLISH

Components

Improved swivel

THE HUMBLE swivel joint installed in a pipe run to produce articulation can often fail, according to a new company called Rotaflow of Stockport, because the plain bearings used wear unevenly, leading to failure of the liquid retaining seal and subsequent leaking.

A new design by the company relies on high load-carrying needle roller bearings to make sure the joint continues to work in-line, thus protecting the seal from wear produced by misalignment.

The joints can withstand at least 1,000 lb/square inch and though normally made from carbon steel they can if necessary be made from corrosion-resistant material. They can be used wherever a piece of pipe or equipment must be rotated through 360 degrees and still hold fluid at pressure.

The present range includes joints with one to six inch nominal bore and they can operate at swivel speeds up to 10 revs/minute. More on 0663 44437.

Computers

Images analysed

IMAGE ANALYSIS can be carried out on an IBM personal computer using a new system from Digihurst of Royston, Herts.

MicroScale 2 comes complete with a vision interface, software, documentation and a choice of cameras, either vidicon or solid state.

With it, the user can measure the area of an object, both as an absolute value derived from user-defined scaling factors, and as a percentage of the total. Perimeters can also be measured of objects selected by user defined windows. The images can be dumped to disc or printer together with associated data. Objects can also be counted.

Systems are available for the IBM colour and monochrome PC. They run under PC DOS and need 256k of random access memory.

With a vidicon camera, MicroScale costs £1,950 ex VAT. More on 0223 208926.

Images

Photos from computers

POLAROID is working with the Digital Equipment Corporation, DEC, to make its computer image recorder, the Palette, compatible with the DEC Rainbow-100 computer.

Palette is a low cost, interactive film recorder producing high quality 35 mm slides and instant photographs of personal computer graphics.

Already Palette, launched at the end of last year, works with the IBM personal computer, Apple 11E and Apple 11 Plus computers. More details from Polaroid on St Albans 59191.

Software

Programs for design systems

COMPUTERVISION has signed an agreement with DIS/Aldpipe to enable certain software packages to run on the CDS 4000 series of computer aided design, manufacturing and engineering systems recently introduced by Computervision.

The Aldpipe program performs stress analysis on three-dimensional plant piping models created on the CDS 4000. Designers can verify the engineering adequacy of designs for such facilities as petrochemical and nuclear power plants.

Computervision president James Berrett says the agreement is "part of an ongoing strategic programme involving acquisitions, proprietary research and additional strategic partnerships.

Price of the new software is between \$US20,000 and \$US100,000, dependent upon the analytical depth required. More on 0256 58133.

WORLD TRADE NEWS

Swedish forest industry reaps reward of restructuring

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

Sweden's forest industry is recovering sharply after several lean years, helped by the upturn in international markets. It is winning back market shares both from its North American competitors, and its traditional Nordic rivals. Forest-product groups outperformed all other major industries on the Stockholm Stock Exchange last year, with a rise of 103 per cent in the sector's share price index.

THE SWEDISH forest industry, the world's third largest exporter of pulp, paper and sawmill products, is recovering sharply after several lean years and is begining to reap the benefits of a drastic restructuring and modernisation programme, helped by the upturn in international markets.

It is winning back market shares both from its North American competitors and from its traditional Nordic rivals, especially Finland, and Swedish forest product companies expect to make further gains during 1984.

The industry has been helped strongly by the 16 per cent devaluation of the Swedish currency 16 months ago as well as by the continuing strength of the U.S. dollar, and pulp exports have risen sharply, particularly to the Far East.

Prices too have picked up after the drastic falls of 1982, and Swedish producers expect further price increases during 1984, led in the pulp sector by the North American mills.

The value of Swedish forest product exports jumped by SKr 7bn (£603m) or 22.6 per cent to SKr 38bn last year. The industry accounts for around 20 per cent of Sweden's total exports, second only to the engineering sector.

Exports of paper and board were worth SKr 17bn last year, an increase of 17.2 per cent, with a 5 per cent increase in volume to 4.65m tonnes. Exports of pulp rose even more strongly to SKr 8.1bn, a rise of 26.5 per cent. The volume of pulp exports increased by 27 per cent to 3.15m tonnes.

The industry is enjoying a far higher capacity utilisation, which has been reflected clearly in sharply rising profits.

This has led also to a surge in share prices, and forest product groups out-performed all other major industries on the Stockholm stock exchange last year with a rise of 103 per cent in the sector's share price index.

SCA, Svenska Cellulosa, Sweden's biggest forest group, increased its pre-tax profits by 54 per cent in the first eight months of the year, for instance, and enjoyed an even better result in the last four months of the year.

MoDo, the country's third-largest forest products concern which suffered badly during the recession years, returned to profits in the first eight months of 1983 with a pre-tax surplus of SKr 112m, a big turnround from the SKr 89m loss it suffered in the corresponding period of 1982.

Swedish pulp production rose to 8.7m tonnes in 1983, an increase of 1m tonnes or 13 per cent over the previous year, according to preliminary figures from the Swedish Pulp and Paper Association. As a result, capacity utilisation jumped to 92 per cent in 1983 compared with a level of only 80 per cent a year earlier.

Plants producing market pulp—pulp sold to the open market—were working at only 70 per cent of capacity in 1982, but they climbed back to 89 per cent in 1983 and are expected to rise above 90 per cent this year.

Paper and board production did not rise as quickly as pulp output last year, increasing by 6.2 per cent to 6.3m tonnes. Here, too, plants are running at much more profitable levels, however, with capacity utilisation rising to 88 per cent from 85 per cent in 1982.

Further increases in demand are expected to push capacity use above 90 per cent during the coming months in this sector too.

During 1984, the industry is expecting to be running at the highest capacity levels for nearly 10 years.

According to Mr Bo Wergens, managing director of the pulp and paper association, the main reason for the industry's strong export performance is sharply rising demand from non-European markets, particularly pulp exports to the Far East—China, Korea, Taiwan and Malaysia.

Europe remains Sweden's main market for paper and board and here, too, its competitive position is improving, partly because of the final removal of tariffs on Swedish paper exports to the European Community at the end of December.

Sweden has slowly increased its share of EEC paper consumption to around 10 per cent from 8.5 per cent in 1972.

It has been wary of taking too much advantage of its current strong competitive position in European paper markets during the phasing-out of tariffs, however. "We have been anxious not to upset market relations too much," admits Mr Wergens.

Swedish producers have not been so restrained in international pulp and sawn timber markets, however, and have regained market shares heavily from Finland.

Unlike Finland, Sweden has also solved for the moment its problems of domestic timber supply, and is now only having to import marginal quantities of wood raw materials.

"For years, we had problems getting the trees out of the forests," says Mr Wergens, "partly because of high marginal taxes. We could not attract the private forest owners to cut and support production. That is now history."

Swedish producers of sawn timber products enjoyed "an exceptional year" in 1983, according to Mr Lars Stringh, managing director for the sector's trade federation.

Production rose to 11.5bn cubic metres from 10bn in 1981 and 10.7bn cu metres in 1982, while deliveries jumped to 12.2bn cu metres, the highest level since 1974. In order to cope with such demand, stocks are being run down by 1.2bn cu metres during 1983 and 1984.

Swedish pulp and paper mills remain currently internationally competitive, especially compared with the high-cost North American producers.

Productivity has improved following the drastic structural changes and modernisation of the industry. "Probably more old and non-profitable units have been closed down in Sweden in recent years than in any other country," Mr Wergens claims.

Zimbabwe import quota cuts create concern

By Tony Hawkins in Harare

IMPORT quotas for Zimbabwean industrialists have been virtually halved in the past two years, according to the Confederation of Zimbabwe Industries. The CZI was commenting on the announcement last week that import allocations for commerce and industry have been cut by 20 per cent during the first half of 1984, compared with the latter half of last year.

The severe reductions in import allocations were caused by Zimbabwe's lacklustre export performance last year, attributable to the serious drought and depressed world markets for the country's mineral exports. At the same time, the country's external debt-service burden has been increasing and it is officially estimated that the ratio of debt-service payments to exports this year will reach 30 per cent.

Addressing a recent business conference, Dr Bernard Chidzero, the Minister of Finance, detailed the sharp increase in invisible payments abroad that had taken place since independence. He said pension payments abroad had risen fivefold since 1979, reaching Z$70m (£43m) last year, while dividend and profit remittances had doubled to Z$96m.

The most dramatic increase had been in the external servicing of debt, with interest payments alone rising from Z$10m in 1979 to Z$165m last year.

Dr Chidzero estimated that Zimbabwe's current account deficit at Z$450m was 15 per cent lower last year than in 1982, but he warned that unless the deficit position improved further soon, Zimbabwe would have to review its policies on remittances abroad.

Business leaders are concerned that the new cut in quota allocations will have further adverse repercussions on output and employment in the manufacturing sector. Manufacturing production is estimated to have fallen more than 5 per cent in the past two years.

Mexico relaxes restrictions

By William Chislett in Mexico City

THE MEXICAN Government will relax its import restrictions from today to allow companies to buy dollars to spend on importing products at the controlled rate, currently 148 pesos to the dollar. Previously, some imports, particularly of consumer goods, had to be paid for at the free rate, now 166 pesos to the dollar.

Officials said the main aim of the move was to streamline unwieldly bureaucracy. Importers have sometimes had to wait several months before they knew whether they qualified for dollars at the controlled rate. The dual system was also abused by the use of bribes.

Italian textile producers pessimistic on prospects

BY ALAN FRIEDMAN IN MILAN

THE ITALIAN textiles industry experienced a recovery in both domestic and foreign orders during the last quarter of 1983, but a combination of high inflation, high interest rates and the rising cost of labour threatens to damage prospects for sustained progress this year.

According to a survey of more than 400 Italian textiles companies, conducted jointly by Snia Fibre and the Italian Textiles Federation, domestic orders rose 10.7 per cent in the closing months of last year, while foreign orders increased by around 9 per cent.

Speakers at the European textiles conference in Milan last week, including representatives from France and Britain, were unanimous in their call for a more integrated European strategy and the need for improved trade agreements.

According to the report on the Italian textiles market, exports to the EEC accounted for L6,000bn ($2.5bn) out of total Italian textiles exports of L9,400bn in the first nine months of 1983. West Germany was Italy's most important export market, taking L2,500bn of textiles. France was second with L1,670bn and Britain was down the scale with textile purchases from Italy of L750m.

AP-DJ adds from Washington: The U.S. Commerce Department has terminated an anti-dumping act investigation involving lightweight polyester fabrics from Japan after the Japanese Government agreed to limit such shipments to 150m square yards a year.

U.S. steel imports up 2.4%

NEW YORK—The U.S. imported 17m tons of steel in 1983, 2.4 per cent more than the previous year, the American Institute for Imported Steel reported. Imports captured about one-fifth of the domestic market.

Shipments for all of 1983 from the European Community declined 26.5 per cent to 4.1 tons, due largely to restrains negotiated between the U.S. and the EEC. Japan similarly reduced its shipments to the U.S. by 18.3 per cent to 4.2m tons. Other countries shipped 51.1 per cent of 1983 steel imports, or 8.7m tons, up 48.3 per cent from 5.9m tons in 1982.

December shipments from Europe, however, increased 5.5 per cent to 778,000 tons, and Japan's shipments rose 1.7 per cent to 492,000 tons.
AP

World Economic Indicators

FOREIGN EXCHANGE RESERVES
(U.S.$m)

	Nov. '83	Oct. '83	Sept. '83	Nov. '82
UK	8,775	8,967	8,904	10,614
U.S.	6,914	6,952	6,911	10,744
W. Germany	37,969	38,279	37,093	38,637
Japan	20,161	20,444	20,452	19,149
Netherlands	8,707	8,730	8,477	7,769
Italy	18,335	17,753	17,671	11,799
Belgium	3,843	3,937	3,858	3,116
	Oct. '83	Sept. '83	Aug. '83	Oct. '82
France	18,702	18,631	18,864	11,178

Source: IMF

SHIPPING REPORT

Seaborne trade in coal set for record

BY ANDREW FISHER, SHIPPING CORRESPONDENT

WORLD SEABORNE trade in coal in 1984 is likely to be a record 208.5m tonnes against 195m tonnes last year, but this will not be enough to absorb extra coal supply capacity coming on stream from Canada, Australia, and South Africa.

This is the view of Simpson Spence and Young Shipbrokers of London, who also referred in their special coal market report to the problem of existing over-capacity. "Should we see an accelerated economic recovery then we may be getting nearer to equilibrium in 1985, even if still short of it."

The company estimated that there would be between 40m and 60m tonnes of surplus export coal capacity in 1984 "and so this year will bring very little comfort to coal companies."

Exacerbating the problem was the strong return of Poland to the export market, plus the starting up of new mines in Queensland, Australia; British Columbia, Canada; and South Africa.

The 1983 seaborne coal trade figure of 195m tonnes compared with 201m the year before. Australia, South Africa, Poland and Canada all increased their share of the market, while the U.S. share dropped by 24m tonnes from the 1982 level.

Australia became the biggest coal exporter with 58.4m tonnes (51m in 1982), overtaking the U.S. with 55m (79m) and ahead of South Africa with 30.2m (27.5m).

For 1984, Simpson Spence forecast U.S. coal exports of 56m tonnes, Australian exports of 62m, with South Africa expected to ship 34.5m. Canada and Poland should jointly account for nearly 40m, and the UK for 7m tonnes.

Moscow to send more energy to Turkey

By David Barchard in Ankara

TURKEY is to step up its energy imports from the Soviet Union. The undersecretary for the Treasury and Foreign Trade, Mr Ekrem Pakdemirli, who headed a seventy-man delegation of officials and businessmen to Moscow last week said that Turkel would buy natural gas from the Soviet Union. A pipeline would be constructed and imports would start by the end of 1986.

The pipeline is expected to link industrial centres in Turkish Thrace and Istanbul with Bulgaria. Mr Pakdemirli said Turkey was contemplating buying up to 4,000m cubic metres of natural gas if a suitable price could be agreed.

Turkey is also to increase its purchases of electricity from the Soviet Union to 400m kilowatt hours this year and a second transmission line across the Turkish Soviet border will be constructed in Leninakan in Soviet Armenia.

The minister said Turkey was studying proposals from the Soviet Union to build the 40-seater Soviet civilian Yak transport aircraft in Turkey. In December Turkey signed an agreement with General Dynamics of the U.S. to manufacture 160 F-16 fighters.

Turkey is believed to have had only partial success in getting the Soviet trade authorities to accept the Ozal Government's new system for trade with the Eastern bloc. This gives 13 companies already doing more than $50m worth of business abroad the sole right to handle trade with the East bloc. Moscow has objected to the scheme on the grounds that it would cut out many traditional importers of their goods in Istanbul.

Union leaders meet to decide strategy on Cheltenham ban

BY DAVID GOODHART, LABOUR STAFF

TRADE UNION leaders are not expected to press for immediate action against the Government after last week's ban on union membership at its secret monitoring base, the Communications Headquarters (GCHQ) in Cheltenham, West England.

The Trade Union Congress (TUC) inner cabinet, the finance and general purposes committee, will today meet Civil Service trade union leaders to discuss the issue. But it is not expected to call for immediate withdrawal from talks with the Government.

Mr Len Murray, TUC general secretary, said yesterday the unions would try to persuade the Government to withdraw its ban on union membership before considering industrial action.

Speaking on London Weekend Television, he said: "Even Mrs Thatcher can change her mind when she is patently wrong. If you can't change their mind, then you consider how you can put pressure on them in terms of non-co-operation or even beyond that."

The Civil Service union leaders are meeting at the Council of Civil Service Unions tomorrow to discuss proposals for a one-day national strike by all unionised civil servants.

But even a one-day strike may be overruled for fear of alienating the 4,000 out of the 7,000 Cheltenham staff who are in unions. The union leaders are meeting Mrs Thatcher on Wednesday.

Mr John Sheldon, general secretary of the Civil Service Union, commenting on reports that 500 people at Cheltenham have already signed the non-union declaration, said: "It's something of a success if the number who have signed up for £1,000 is that small." The Government has offered that amount as compensation for leaving a union.

The all-party House of Commons select committee on Employment is to question Sir Geoffrey Howe, the Foreign Secretary, or Mr Tom King, the Employment Secretary, about the decision to ban union membership at GCHQ.

The Government is to be asked for either minister to come before the committee on Wednesday next week to explain the reasons behind the decision.

Mr Murray and officials of the unions involved in the dispute will also be asked to give evidence before the committee on Wednesday. Shortly before this session, the union leaders will have met Mrs Thatcher to protest at the ban.

It was made clear yesterday that the Prime Minister is still determined there can be no concessions

APPROVAL SOUGHT FOR LABOUR RESEARCH

Jobs programme faces test

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE JOINT attempt by the Government and unions to identify where new jobs are to come from and to agree on measures to create them faces its first test on Wednesday.

The National Economic Development Council (NEDC) will be asked to approve a programme of work for next year and beyond, which is aimed at gradually leading the three parties deeper into those regions of the employment scene – so far unexplored under the present Government – as macro-economic policy, wages and working practices.

The programme has been agreed by the Group of Four which handles major questions outside the council forum. These are Sir Peter Middleton, the Treasury's permanent secretary; Sir Terence Beckett, the director-general of the Confederation of British Industry; Mr Len Murray, general secretary of the Trades Union Congress (TUC) and Mr John Cassels, the director-general of the NEDC.

It will suggest a modest beginning, concentrating on analytical work laying the ground for the exercise. This will include comparative studies of other countries' labour markets, bringing out demographic trends, hours of work, and flexibility, as well as industrial structure and labour costs.

This analysis would also include detailed consideration of the UK including the major manufacturing, services, energy and the new "information" sector.

The second phase of the exercise in the latter part of the year is likely to focus more strongly on barriers to employment growth, and to raise the more contentious issues.

The council will aim to "sum up" the exercise by the end of the year, in order to clear the way for the final – and trickiest – phase, producing agreed recommendations.

Minister hopeful on employment

BY JOHN HUNT

A REAL prospect of higher employment in 1984 was foreseen yesterday by Mr Tom King, the Employment Secretary. But much, he said, would depend on wage restraint.

Mr John Biffen, the Leader of the House of Commons, hinted however that the level of unemployment could remain historically high for some time.

Mr King said there were 30,000 more people in employment in the third quarter of last year compared with previous months – the first increase for four years.

Until now, most job growth had been in the service sector. But the October and November figures showed that in manufacturing industry, employment was up by 18,000.

This year's prospects were good but they depended on the country's efforts. Output, retail sales, manufacturing productivity and real earnings were all up.

Mr Biffen said Britain was emerging from the recession but employment had not risen with the recovery in output. Rapid changes in industrial and commercial practice and the age and size of the working population were having a profound effect upon the relationship between output and employment.

He said: "Those changes will find a new and more stable pattern only after a time lag of uncertain duration." But it was clear that the Prime Minister and her economic advisers were wise in resisting calls to spend and borrow their way to full employment.

● The latest unemployment figures, due out later this week, are expected to show a sharp rise in the number of people out of work in January

The total of unemployed is likely to rise by about 95,000.

Talks may start in Times dispute

By Our Labour Staff

THE TIMES newspaper did not appear again today for the fourth day in succession. But there is some hope of a breakthrough in its labour dispute after the intervention of the Government's conciliation service, Acas over the weekend.

The general print union Sogat '82, some of whose members at Times Newspapers went on strike two weeks ago over the reallocation of duties in the picture library, agreed to talks at Acas. The Times management will decide today.

The union declared the strike official on Friday after the management dismissed 750 employees for not working normally. The Sunday Times failed to be published yesterday.

Mr Arthur Brittenden, a spokesman for the company, said yesterday that both newspapers were in jeopardy as a result of the dispute.

Since Mr Rupert Murdoch's News International took over Times Newspapers in 1981, losses have fallen from £23.5m to £8.5m in the last financial year. The papers were expected – before the dispute began – to break even this year.

Cammell Laird delays endanger £125m order

BY DOMINIC LAWSON

CAMMELL LAIRD, the Birkenhead shipbuilder, is running three to five months late on a rig contract for British Gas and could lose a crucial £125m order for a North Sea production platform for Sun Oil.

Delays on the British Gas contract have increased Sun Oil's anxiety about placing an order with a British shipbuilder's yard when the state-owned corporation is trying to push through major changes in its industrial relations policy.

Gotaverken Arendal of Gothenburg is now emerging as a strong candidate to build the Sun Oil floating production platform for the Balmoral oil field – although Energy Minister Mr Alick Buchanan-Smith wants the construction contract to go to a British yard.

Cammell Laird had been considered front runner for the contract for Sun Oil of the U.S. because it tendered at least £25m below its early main rival Howard Doris, a London-based company.

The platform was to have been designed by Gotaverken. It is possible, however, that Gotaverken will do the initial fabrication in Sweden and then subcontract the less sophisticated assembly to a mixture of UK yards.

Sun Oil has specified a tight production schedule for the fabrication of its floating production platform. It wants to tow the vessel to the Balmoral field in autumn 1986, with production to start the next year.

The disclosure that Cammell Laird is running behind in work on a jack-up accommodation vessel for British Gas for the Morecambe field is therefore embarrassing. The £20m contract is the first offshore order placed with Cammell Laird by British Gas and was scheduled for delivery this month.

Mr Alastair Lambie, managing director of Cammell Laird, said he did not think Cammell Laird could be described as the front runner for the Balmoral contract, but he said the yard's survival depended on getting the contract.

This potential crisis for Cammell Laird follows the threatened closure of Scott Lithgow after Britoil cancelled an £88m rig contract.

Sun Oil is entitled to place contracts for the Balmoral project with the companies of its choice, but it is understood that the development calls for 70 per cent British content over the value of the contract as a whole.

Union drops strike call at Ford plant

BY DAVID GOODHART, LABOUR STAFF

UNION LEADERS representing Ford's 58,000 workers have decided to suspend the national strike called for February 13 over the planned closure of the Dagenham foundry with the loss of 2,000 jobs.

But the new move – which followed Ford's decision to meet union leaders on February 22 – does not rule out strike action at a later date. Union officials are asking for a mandate to determine what action to take after the discussions with the company.

They received that mandate from a large majority of the 7,000 workers attending yesterday's mass meeting of the 19,000 workforce at the Dagenham estate. Other plants around the country – due to vote this week – are also expected to back the new position.

Ford has made it clear that the closure of the foundry, which it says has lost £90m since 1979, is not negotiable so there is a strong chance that strike action will be threatened again.

To win support for such action union leaders will have to persuade the members of their belief that the closure of the foundry is the first step to turning Ford of Britain into an assembly-only operation.

The company has warned that a national dispute would aversely affect the money available to fund voluntary redundancy terms for foundry workers.

After yesterday's meeting in Dagenham which voted by a margin of three to one to support the officials, Mr Ron Todd – chief union negotiator at Ford's – said: "We now have a mandate from Dagenham to determine the action to be taken after the discussions with the company. At those discussions the foundy issue will be top of the agenda."

Dates for the meetings at the other Ford plants will be arranged by local conveners – the important Halewood plant is expected to meet next weekend.

Economist unit embarks on specialisation plan

BY KENNETH GOODING

THE ECONOMIST Intelligence Unit is to give up its general market research and economic consultancy services and concentrate all its consultancy operations into EIU Informatics, which specialises in information technology, office automation and communications.

The decision has already resulted in five redundancies and a further 20 jobs are expected to go soon. The EIU employs a staff of about 150.

EIU publications will become part of a new entity called Economist Publishing and Data Services which will also embrace the unit's International Economic Appraisal Service.

Mr David Gordon, chairman of the EIU and managing director of the Economist, the parent company, said yesterday: "We regard this as a very positive step for the future. We have examined our own business in the way we look at other people's and have concluded general market research profit margins are not wide enough to pay for quality staff and a dividend for shareholders.

"We need to specialise to be profitable. Informatics is a very strong and very fast-growing outfit. We intend it to become a world leader in its specialist area."

The EIU was set up as an autonomous organisation by the Economist 37 years ago. Recently, its traditional operations have diminished to the point where they contribute only roughly one quarter of annual turnover – which totals £4.5m – while publications account for about 50 per cent and Informatics the rest.

Mr Graham Bannock, brought in nearly three years ago as the EIU's managing director and who, with Mr Gordon, conceived the reorganisation of the unit, will, as a result, give up his executive office. However, he will remain with the Economist group as an adviser.

Mr Gordon said it was hoped that some of the consultants would be encouraged to buy out the profitable EIU general research contracts. If this happened the resulting organisation would be called Business Research Unit.

UK electricity price 'disadvantage' stays

BY MAURICE SAMUELSON

ELECTRICITY costs for industry in England and Wales, which are claimed to be historically higher than on the European continent, showed no change in their relative position in the last half of 1983.

This emerges from a comparison of EEC industrial electricity price movements published by the Electricity Council.

Although most UK industrial users pay prices in line with those in most European countries, the highly energy intensive industries, such as paper, chemicals, textiles and glass, have long complained that they pay much higher prices.

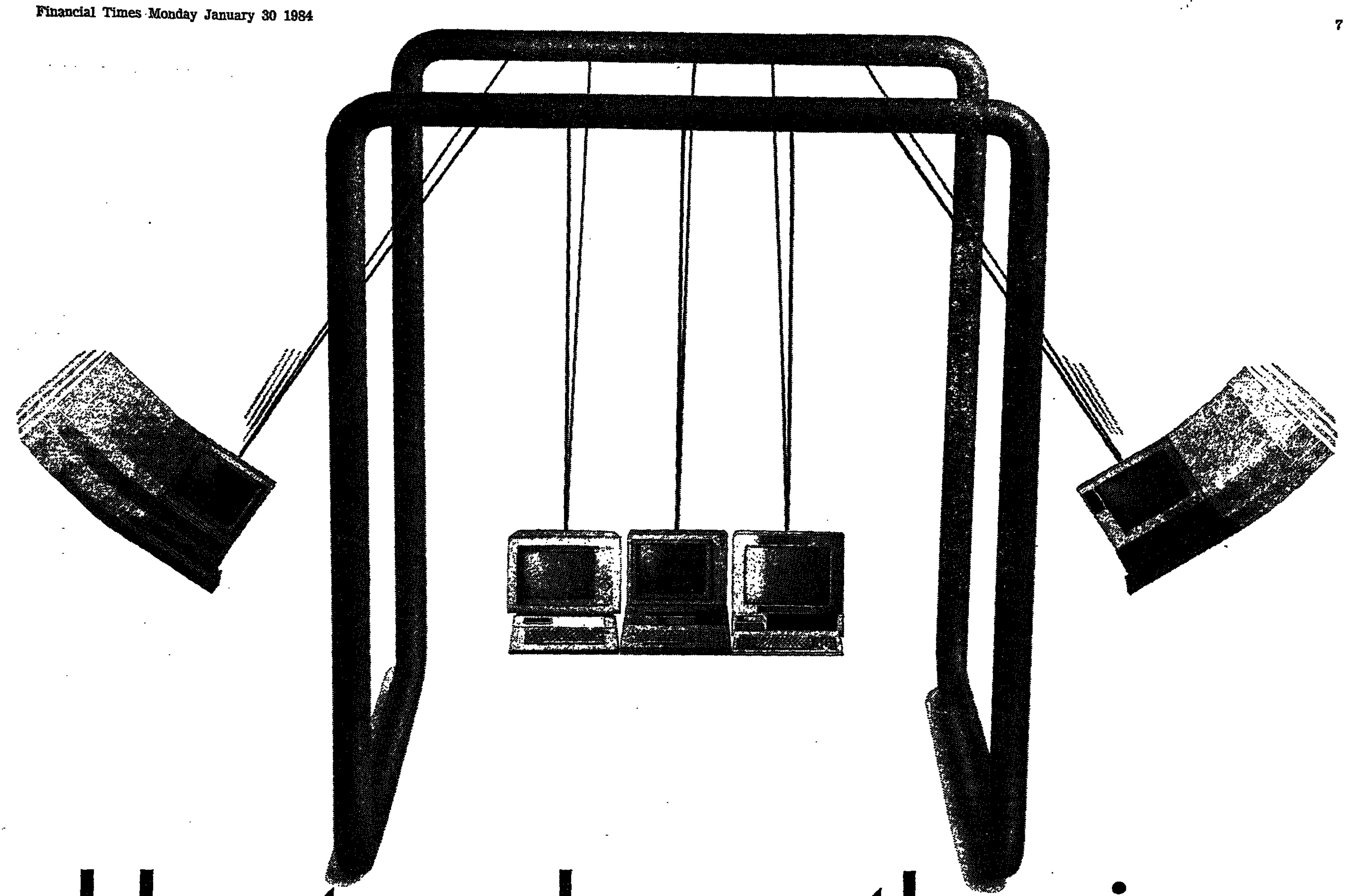
In Belgium, France, Italy and the Netherlands, small local currency price rises in the last two quarters of 1983 were generally higher than price rises in England and Wales. Any comparative benefit for British users was cancelled out by the strengthening of sterling against European Monetary System currencies.

The Confederation of British Industry (CBI), the employers' organisation, says that the major energy intensive industries in the UK are at a 10 to 15 per cent tariff disadvantage compared with their EEC counterparts. The CBI says this is compounded by the superior contracts available to European bulk users of power.

In France, where the proportion of electricity produced by nuclear power stations has just risen to 50 per cent, charges for intensive users are estimated to be some 20 per cent cheaper than in Britain.

The Energy Intensive Users Group, representing seven industries, said that "substantial disadvantages" in their electricity costs were a threat to production, exports and employment.

They also complained that heavy fuel oil prices before tax were higher than in most other EEC countries.



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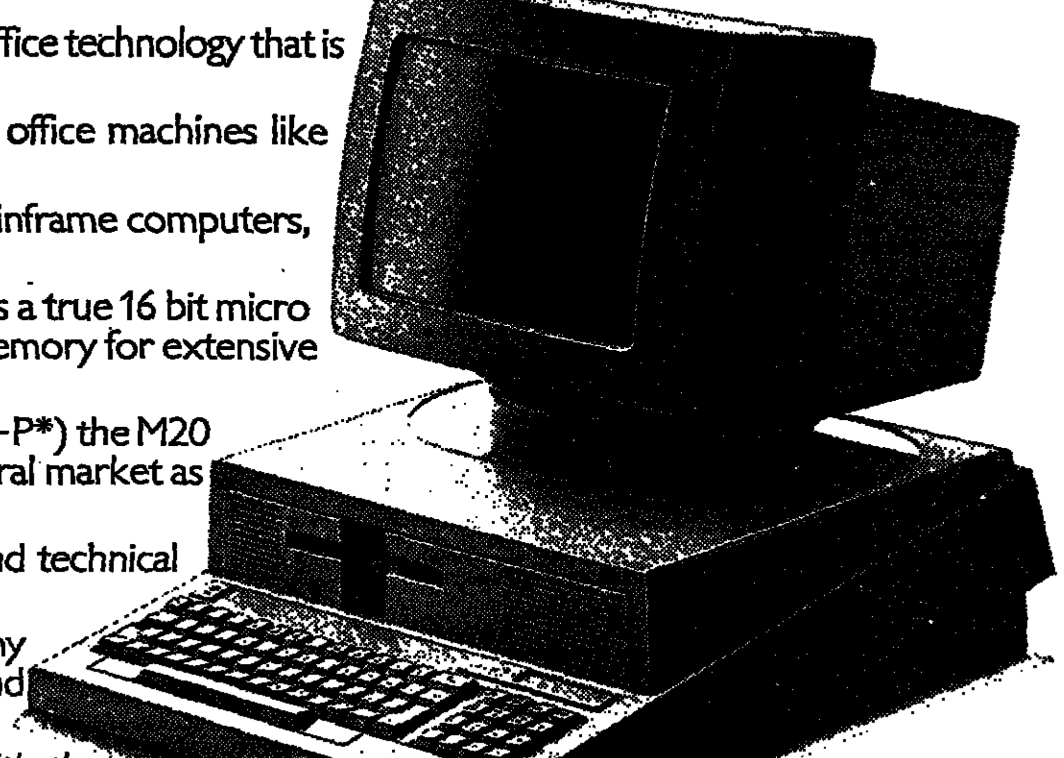

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UK NEWS

GROWING OPPOSITION TO REVERSE TAKEOVER BY SUBSIDIARY

Barclays faces merger scrutiny

BY BRIAN GROOM AND JOHN HUNT

OPPONENTS of Barclays Bank's planned merger with its overseas arm, Barclays Bank International, intend to expose the proposal to public controversy during its passage through Parliament.

That starts tomorrow, when a private Bill introduced by Barclays to effect the merger receives its first reading in the House of Commons. The bank is bracing itself for a rough passage, but is hopeful that it will go through in time for the merger to proceed on January 1 1985.

Barclays argues that the merger will blend the knowledge and experience of domestic and international bankers, improve co-ordination of administrative and accounting systems, and save duty on capital transfers within the group.

The Bill will be opposed from three quarters: left-wing MPs who will take the opportunity to attack Barclays' involvement in South Africa; the Banking, Insurance and Finance Union (Bifu); and from a Cheshire accountant who is petitioning Parliament against the Bill.

Labour left-wingers, who have always been angered by Barclays involvement in South Africa, can hold up the Bill for a long time by opposition during its committee stage.

Normally, private Bills go through swiftly without any trouble, but once opposition to them develops they can get bogged down for months in acrimonious debate.

It is, however, doubtful whether the left-wingers would receive enough support from Tories to defeat the measure.

As a result of the publicity given to the Bill, Labour trade and finance spokesmen will be looking into the matter today. If they decide the party should officially oppose it, that would make life even more difficult for Barclays.

Bifu has submitted a petition listing three objections to Barclay's proposals: the lack of a guarantee of no redundancies; fear that the superior pay and conditions of BBI staff will be "harmonised down" to those at the UK bank; and concern that the union will lose its sole negotiating rights in BBI, because in the UK bank, Barclays recognises an independent staff union as well as Bifu.

Barclays said it could not give a guarantee of no redundancies for all time, but it did not foresee any arising from the merger. Negotiations on terms and conditions for staff are continuing.

Bifu has lined up both Conservative and Labour MPs to put its case. It hopes a lengthy committee stage might delay implementation of the merger and give it more time to negotiate, but Barclays' advisers feel this is unlikely.

The third objector, Mr John Butcher, a former Conservative parliamentary candidate, fears that the cost of his £25,000 Barclays home mortgage could go up to finance Third World countries who fail to pay their debts.

His petition claims that BBI has made large loans to foreign governments incapable of repaying them, that its accounts do not contain adequate provision for bad and doubtful debts, and that the UK bank's customers would pay more for mortgages if sums had to be written off.

Barclays argues that it is not overexposed in overseas lending, and that the Bill will change nothing because the group's total capital and reserves have always been available to meet liabilities.

Mr Butcher's fears arise from the fact that the merger is a "reverse takeover" with the subsidiary, BBI, taking over the parent, Barclays. The bank says that to merge BBI into Barclays would require Acts of Parliament in many of the 84 countries in which it operates.

Mr Butcher says that his local Conservative MP, Mr Neil Hamilton, has agreed to oppose the Bill.

Meanwhile, Barclays has announced details of a forthcoming rights issue for its South African subsidiary. BBI will not be taking up its rights, and its South African holding will, therefore, be reduced from 55 per cent to 50.4 per cent.

The issue, on the basis of 9 for 100 at R17 (£9.57) per share, is to raise R81.4m. As announced last month, Barclays National (South Africa) is paying R135m for a 30 per cent stake in South Africa's third largest insurance company, Southern Life Association. The issue is intended partly to finance the acquisition.

Tories to act over report on extremism

By John Hunt

MR John Selwyn Gummer, the Conservative Party chairman, has rejected suggestions from the Young Conservatives that a permanent body should be set up to prevent infiltration into the party by right-wing extremists.

"The Conservative Party is not threatened by significant infiltration and we will see that it never is," he said.

He has, however, accepted the thrust of the recommendations in a strongly worded report drawn up by a committee of Young Conservatives.

Conservative Central Office is writing to local constituency parties reminding them of the importance of seeing that local government candidates in the local elections in May should represent the party and not have continuing connections with other parties.

The report from the Young Conservatives comes as a considerable embarrassment to the Conservative leadership. It will no doubt be made much of by the Labour Party, particularly in fighting the forthcoming Chesterfield by-election.

The committee was concerned at the activities of various coordinating groups which liaise between right-wing organisations and some Tory MPs. It also expresses concern at the political complexion of the Monday Club and the Young Monday Club.

"There are links between organisations and individuals that can best be described as a ribbon development of racialism within and outside the party," it states.

"There is clear evidence of links between extreme elements of fringe ultra-nationalist/neo-fascist organisations and some members of the Conservative party and members of extreme fringe parties and organisations."

It says that one group called Wise and another called Tory Action enjoy parliamentary support in the party. The Focus Policy Group, it says, has been trying to purchase mailing lists of Tory activists. The Monday Club, while not as extreme as it was, "remains an important channel for racist sentiments."

Severn Bridge repairs demanded

By Robin Reeves, Welsh Correspondent

DEMANDS FOR immediate action to repair and strengthen the Severn Bridge in the west of England, and the commissioning of a feasibility study for a second Severn crossing, are to be put to Mr Nicholas Ridley, the Transport Secretary, in London today.

A delegation of Welsh industrialists, trade union leaders and local government representatives is to see the minister to voice concern over the bridge's condition and the damage this may cause to the local economy, which relies on this link with England.

Traffic restrictions, pending major repairs, and questions about the bridge's safety in extreme conditions have already resulted in jobs and investment being lost to the region, according to Mr Ian Kelsall, director of the Confederation of British Industry in Wales.

Mr Ridley will be pressed to act on the recommendations of consultant engineers, Flint and Neill. These call for £33m to be spent on strengthening and repairing the bridge, which opened in 1966 at a cost of £8m. But the delegation also wants an immediate £1m feasibility study on a second Severn crossing

UK NEWS

David Churchill looks at a decade of business scrutiny

Milestone for fair trading policy

SIR GORDON BORRIE, director general of fair trading, will tomorrow celebrate the *first 10 years* of the Office of Fair Trading (OFT) with a conference attended by leading figures from Government and industry.

Yet Sir Gordon, 52, once described at a Confederation of British Industry conference as "the most powerful man in British business," is aware that the past 18 months has been one of the most traumatic for the OFT.

The OFT – and Sir Gordon particularly – has come under increasing pressure from government ministers who have sought to over-rule the OFT merger referrals and restrictive trade practices. Lord Cockfield, when Trade Secretary, frequently rejected Sir Gordon's advice on whether particular mergers should be investigated – an almost unprecedented move by the Government.

Even after Lord Cockfield left the Trade Department and was replaced by Mr Cecil Parkinson, the snubs continued. For example, Mr Parkinson last summer exempted the Stock Exchange from appearing before the Restrictive Trade Practices Court.

Sir Gordon admits he was "a little upset" by this move. He felt sorry for officials who had been working on that case for a long time. They had done a lot of work on the issues involved, building up the evidence to show that the restrictions were not only not essential but also not desirable.

Yet Sir Gordon now feels the Government's intervention has not been detrimental to the OFT: "There began a debate in the media, the City of London and other places about issues which had previously hardly been mentioned. That debate was almost as good as having witnesses called in court," he says.

But he points out it was the OFT's "commencement of the legal proceedings which brought about the changes that the Stock Exchange has agreed to make."

Sir Gordon outlasted six secretaries of state during his seven years as director general: "Recent experience suggests it is useful to have continuity in my office," he says.

He has been determined to woo the business community through persuasion rather than agression. His approach is in contrast to his considerable powers since much of the legislation governing fair trading invests the power in the director general rather than in the office as a whole.

He grants licences (and can take them away) to all traders who want to offer credit facilities; he investigates price-fixing cartels in British industry; refers monopolies to the Monopolies and Mergers Commission (MMC); investigates any alleged anti-competitive trading practice under the terms of the 1980 competition Act; demands guarantees of good behavior from rogue traders; and advises the Trade Secretary on which mergers should be referred to the MMC.

It is his role in the merger policy that has brought Sir Gordon and the OFT most attention, although mergers form only a small part of his duties.

Sir Gordon does not expect any major changes in the policy, apart from re-defining the emphasis on competition issues and raising the financial thresholds for mergers falling within investigation.

Sir Gordon also feels much of the alleged confusion exists because it is only the more contentious mergers that get close to a referral. "The most obvious anti-competitive mergers do not get off the ground in the first place so we don't have to consider them. But the ones that we do consider are hardly ever obvious."

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current
British Toy and Hobby Fair (01-701 7127) (until Feb 1) — Earls Court

Jan 30-Feb 2
Photography at Work (01-688 7788) — Harrogate

Jan 31-Feb 2
Peripherals Suppliers Exhibition (01-643 8040) — Cunard International

Jan 28-Feb 1
Stationery Industry Exhibition —STATINDEX (01-385 1200) — Earls Court

Jan 29-Feb 1
Video Software Show (01-686 2599). — Heathrow Penta Hotel

Feb 2-5
Money Show (01-262 3382) — Kensington Exhibition Centre

Feb 5-9
International Spring Fair (01-855 9201) — NEC, Birmingham

Feb 10-12
Crufts Dog Show (01-493 7838) — Earls Court

Feb 12-15
International Men's and Boys' Wear Exhibition—IMBEX (021-705 6707) — Olympia

Feb 14-15
Computer Seminar and Exhibition (01-839 4901) — Press Centre, EC4

Feb 21-22
London Co-op Trade Fair and Conference (01-403 0300) — Kensington Town Hall

Feb 21-24
Information Technology and Office Automation Exhibition and Conference—INFO (01-647 1001) — Barbican

Feb 22-24
Equipment and Services Exhibition for Golf in Europe—INTERGOLF EUROPE (Arundel (0903) 883381) — Brighton

Feb 22-23
Mail and Distribution '84 (Hoddesdon (0992) 469556) — Cunard International Hotel, W6

March 4-6
International Automotive Parts and Accessories Trade Show—AUTOPARTAC (High Wycombe (0494) 41548) — Barbican

March 7-April 1
Daily Mail Ideal Home Exhibition (01-222 9341) — Earls Court

OVERSEAS TRADE FAIRS

Current
International Confectionery Chocolate and Biscuit Trade Exhibition—INTERSUC (01-439 3964) until Feb 1) — Paris

Jan 31-Feb 5
Holiday and Leisure Fair (Dublin 985711) — Dublin

Feb 8-11
International Housewares Fair (01-930 7251) — Cologne

Feb 9-18
International Commercial Motor Show (020 5411 411) — Amsterdam

Feb 10-13
International Exhibition of Household Goods, Crystalware, Ceramics, Silverware and Gifts —MACEF (01-242 7829) — Milan

Feb 11-15
International Ladies' Ready-to-Wear Exhibition (St Albans (0727) 33291) — Paris

Feb 11-19
Copenhagen International Boat Show (45.1.51.88 11) — Copenhagen

Feb 12-16
International Food Fair—ROKA (01-486 1951) — Utrecht

Feb 21-24
Asian Petroleum Exhibition and Conference — OFFSHORE S.E. ASIA (01-486 1951) — Singapore

Feb 28-March 2
Retail and Distributive Exhibition—RETAIL EUROPE (Hurst (0734) 345585) — Amsterdam

March 1-10
Athens Boat Show (01-876 2700) — Athens

March 12-15
International Electrical and Electronic Engineering Show—ELENEX (01-486 1951) — Hong Kong

BUSINESS AND MANAGEMENT CONFERENCES

Jan 31
British-Israel Chamber of Commerce: Engineering for the future: Israel's contribution (01-486 2371) — Wembley Conference Centre

Feb 1
IPS: improved purchasing management (Stamford (0780) 56777) — Cafe Royal, W1

Feb 6-8
Frost and Sullivan: Human performance engineering (ergonomics) in computer systems (01-486 0334) — Cumberland Hotel, W1

Feb 7-8
Spectra: Electronic point of sale —designing the right system for your business (Twyford (0734) 345585) — Shoppenhangers Manor, Maidenhead

Feb 8
Business Briefings: Bidding for Success (01-385 0974) — Government Press Centre, SW1

Feb 9-10
Oyez Scientific: International developments in cellular radio (01-236 4080) — Royal Lancaster Hotel, W2

Feb 9-10
The Economist: Transatlantic debate over emerging technologies and defence capabilities (01-839 7000) — Royal Garden Hotel, W8

Feb 15
Chatham House: Natural gas supply in western Europe (01-930 2233) 10 St James's Square, SW1

Feb 17
ICMA: Accounting provisions of the Companies Act (01-637 2311) — Washington Hotel, W1

Feb 22
City Business Conferences: UK taxation and accounting treatment of foreign exchange (01-727 5120) — Portman Close, W1

Feb 22
Netherlands-British Chamber of Commerce: Dutch delta technology, new developments (01-405 1358) Institute of Directors, SW1

Feb 22
Riba: Dealing with claims under building contracts (01-637 8991) 66 Portland Place, W1

Feb 27-28
FT Conference: The City and Europe—a 10-year appraisal (01-621 1355) — Dorchester Hotel, W1

Feb 28-29
FT Conference: Cable television and satellite broadcasting (01-621 1355) — InterContinental Hotel, W1

March 2
Cable and Satellite Europe: The Cable and Broadcasting Bill 1984, legal results and practical implications (01-352 1132) — Royal Garden Hotel, W8

March 5-9
RRG: Effective insurance marketing (01-236 2175) — Royal Horseguards Hotel, SW1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Mercedes-Benz UK pays first dividend

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

DAIMLER-BENZ'S British subsidiary paid its West German parent a first-ever dividend of £2.1m during its tenth year in operation.

The dividend was paid for the 1982 financial year even though the company suffered a 36 per cent fall in net profits from £9.1m in 1981 to £5.81m.

Mr Hans Tauscher, managing director of Mercedes-Benz (UK), says that when the final figures for 1983 are compiled they will show a further decline in profit, partly due to the strength of the D-Mark compared with sterling early in the year, and partly because of the severity of competition in Britain's heavy truck market.

He insists that the present conditions have gone on far too long. "The hard bargains in the truck market are putting into jeopardy the existence of effective dealer networks.

"We need to revert to sensible trading conditions and this demands a degree of self discipline from all concerned.

"I would suggest that (truck) operators would be well advised to do business with dealers who are prepared to put forward a keen quotation but refuse to trade on suicidal terms."

Profits in Britain this year will have to absorb the cost of moving to a £12.25m new headquarters and parts supply centre at Milton Keynes, premises built but never occupied by General Motors.

Mr Tauscher recalls that Daimler-Benz took over its own import company in Britain 10 years ago from the Thomas Tilling group mainly because the German company wanted to do better in the UK truck market.

Since that time, sales of Mercedes commercial vehicles in the UK have risen from under 2,000 in 1974 to just over 10,000 in 1983.

Over the same period Mercedes' penetration of the total commercial vehicle market increased from 1 per cent to 6 per cent. In the over 3.5 tonnes gross weight part of the market, the increase was from 2 per cent to 9.8 per cent.

Mercedes is expecting a steady annual growth of 10 to 15 per cent in car registrations in Britain.

Building pleas rejected

By Joan Gray, Construction Correspondent

THE CONSTRUCTION industry's pleas for more money to be spent on capital projects have been rejected by the Government.

Sir George Young, Under-Secretary for State at the Department of the Environment, said: "We are not going to use the construction industry as a vehicle for reflating the economy as this will only push up inflation."

In a speech to the National Joint Consultative Committee for Building, he added: "Our strategy means keeping a firm grip on public expenditure and this means that we cannot always spend as much on construction work as we would like."

Last year's public expenditure White Paper (government policy document) provided for more than £10bn worth of new construction in 1983-84 as a whole, Sir George said. He ruled out any significant increase in future.

"£10bn is a big chunk of money to spend on the construction industry," he said. "We shall not know the exact figure for 1984-85 until this year's White Paper is published, but it is likely to be of the same order of money."

UK regional aid highest in Scotland

By Anthony Moreton, Regional Affairs Editor

SCOTLAND continued to receive the largest share of UK regional assistance in 1982–83 according to figures released in Parliament.

It received £371m during the year, more than twice that paid to Wales. The Scottish figure accounted for just over 40 per cent of the total allocated in Britain.

Wales was given £182m, rather less than the £211m in the previous year.

Under a review of regional policy being carried out at the Department of Trade and Industry, it is likely that the share of the two countries – 60 per cent of the total last year – will fall sharply.

The Government is known to have promised some help for the West Midlands from a smaller total budget and has assured the North-east that it will not suffer too severely from the review.

Scotland's total last year was 50 per cent higher than the £235m, it received in 1981-82 of grants authorised in earlier years.

BOND DRAWINGS

REDEMPTION NOTICE

The Republic of the Philippines 9% Notes Due 1984

NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of 16th February 1977 under which the above described Notes were issued that Scandinavian Bank Limited, Middle East Branch, Bahrain as Fiscal Agent, confirms that outstanding Notes are due for final redemption on 1st March 1984 totalling BD 620.000 principal amount of said Notes at the redemption price of 100 percent of the principal amount thereof, together with accrued interest to 1st March 1984. The serial numbers of the Notes to be redeemed are as follows:-

D1	D302	E28	E107	E174	E274	E349	E412	E459	E497	E611	E682
D20	D341	E29	E112	E161	E281	E356	E415	E465	E529	E615	E687
D57	D384	E41	E122	E187	E287	E374	E424	E475	E547	E633	E707
D129	D465	E54	E128	E225	E294	E379	E430	E477	E566	E654	E711
D292	E11	E82	E152	E253	E305	E391	E444	E494	E575	E659	E729
D300	E26	E89	E169	E262	E314	E400	E453	E495	E591	E670	

On 1st March 1984 there will become due and payable upon each Note selected for redemption the said redemption price together with interest accrued to 1st March 1984 all as more fully provided in the Notes. Payment of the redemption price of the Notes will be made in such coin or currency of the State of Bahrain or of the United States of America (if any holder of a Note advises the Fiscal Agent prior to 9th February 1984 of this election pursuant to Clause 6 of the Notes) as at the time of payment is legal tender for the payment therein of public and private debts upon presentation and surrender of the said Notes at SCANDINAVIAN BANK LIMITED, P.O. BOX 5345, MANAMA CENTRE, EAST WING, ENTRANCE 2, GOVERNMENT ROAD, MANAMA, BAHRAIN. Payment of the Notes (subject to applicable laws and regulations) will also be made at the offices of National Bank of Bahrain, P.O. Box 106, Manama, Bahrain and at Banque Generale du Luxembourg, 14 Rue Aldringer, Luxembourg by cheque on a Bahrain Dinar or Dollar account, or by a transfer to a Bahrain Dinar or Dollar account maintained by the payee with a bank in Manama or New York City respectively.

On and after 1st March 1984 the date fixed for redemption interest on said Notes will cease to accrue. Coupons maturing on or prior to 1st March 1984 should be detached from said Notes and presented for payment in the usual manner.

For THE REPUBLIC OF THE PHILIPPINES
SCANDINAVIAN BANK LIMITED, MIDDLE EAST BRANCH, BAHRAIN
as Fiscal Agent.

COMPANY NOTICES

RHONE POULENC
7,50 % 1972/1987
LOAN OF
FF 100.000.000,00

We inform the bondholders that the April 15, 1984 repayment instalment of FF 10.000.000,- has been made by purchase on the market.

Amount outstanding:
FF 45.000.000,00

THE PRINCIPAL PAYING AGENT,
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Av. Emile Reuter
LUXEMBOURG

BANQUE NATIONALE DE PARIS
US$37,500,000
Floating Rate Notes due 1988
(Series A)

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period 30th January, 1984 to 30th July, 1984 has been fixed at 10.1875 per cent per annum.
On 30th July, 1984 interest of US$257.52 per US$5,000 nominal amount of the Notes and interest of US$2,575.17 per US$50,000 nominal amount of the Notes will be due against Interest Coupon No. 5.
Swiss Bank Corporation International Limited
Reference Agent

BANQUE FRANCAISE DU COMMERCE EXTERIEUR
US$400,000,000 GUARANTEED FLOATING RATE NOTES DUE 1987

In accordance with the provisions of the above mentioned floating rate Notes, the rate of interest for the period January 27th, 1984 to July 27th, 1984 (182 days) has been fixed at 10¼% per annum.
Interest payable on each Note of US$10,000 on July 27th, 1984 against Coupon No. 5 will be US$518.19.
BANQUE INTERNATIONALE A LUXEMBOURG
Fiscal Agent

TENDERS FOR GREATER LONDON BILLS

1. The Greater London Council hereby give notice that Tenders will be received at the Securities Office, Bank of England, London EC2R 8AH, on Monday, 6th February, 1984, at 12 noon for Greater London Bills to be issued in conformity with the Greater London Council (General Powers) Act, 1967, to the amount of £35,000,000.
2. The Bills will be in amounts of £5,000, £10,000, £25,000, £50,000, £100,000 or £250,000. They will be dated Thursday, 9th February, 1984, and will be due 91 days after date, without days of grace.
3. Each Tender must be for an amount not less than £25,000, and must specify the net amount per cent. (being a multiple of one halfpenny) which will be given for the amount applied for.
4. Tenders must be made through a London Banker, Discount House or Broker.
5. The Bills will be issued and paid at the Bank of England.
6. Notification will be sent by post, on the same day as Tenders are received, to the persons whose Tenders are accepted in whole or in part and payment in full of the amounts due in respect of such accepted Tenders must be made to the Bank of England, by means of cash or by draft or cheque drawn on the Bank of England, not later than 1.30 pm on Thursday, 9th February, 1984.
7. Tenders must be made on the printed forms which may be obtained either from the Bank of England, or from the Council's Offices at The County Hall.
8. The Greater London Council reserve the right of rejecting any Tenders.

M. F. STONEFROST,
Comptroller of Finance.
The County Hall,
London SE1 7PB.
30th January, 1984.

LEUMI INTERNATIONAL INVESTMENTS N.V.
US$50 MILLION GUARANTEED FLOATING RATE NOTES 1990 EXTENDIBLE AT THE HOLDERS OPTION TO 1993

Notes in respect of the six month period commencing Monday 30th January 1984 The interest rate applicable to the above has been fixed at 10¼% per annum.
The interest amounting to US$51.50 per US$1,000 principal amount of the Notes will be paid on Monday 30th July 1984 against presentation of coupon No. 2.
BANK LEUMI (UK) plc
Principal Paying Agent

CONTRACTS AND TENDERS

KENT COUNTY COUNCIL
HIGHWAYS & TRANSPORTATION DEPARTMENT
STANDARD APPROVED LIST FOR CIVIL ENGINEERING AND ASSOCIATED WORKS

Firms seeking to be selected to tender for civil engineering and associated works, throughout the County of Kent, from April 1984, should apply for inclusion in one or more categories of the Departments Standard Approved List.
(1) Highway Civil Engineering Small Works of value up to £100,000.
(2) Highway Civil Engineering Works of value up to but not including £550,000.
(3) Specialist Contract Works of value up to and including £100,000, under the separate headings:
(a) Piling.
(b) The supply and erection of metal parapet guardrails.
(c) The supply and erection of precast concrete items.
(d) Topographical surveys.
Applicants will be expected to furnish with their application: Company Registration; compliance with Finance (No. 2) Act 1975; past three years' balance sheets/accounts; qualification/experience of staff; list of past jobs; policy statements with regard to utilisation of Sub-Contractors Act; managerial/technical and financial referees: statement as to which list(s) is being applied for.
Unwillingness or failure to supply the information requested may preclude consideration of application.
Firms already on the following existing lists need not apply as they will be contacted direct:
(1) Category 1.
(2) Category 2.
(3) Category 3.
(4) Small Works List.
(5) Term Contract List.
Applications and accompanying details should be submitted in writing to the following address no later than 17th February 1984:
The County Surveyor, Kent County Council
Highways & Transportation Department
Springfield, Maidstone, Kent ME14 2LQ.
Further information may be obtained from Mr. P. Giles, telephone Maidstone 671411 Ext. 3896.

PUBLIC NOTICES

Schedule 3
TOWN AND COUNTRY PLANNING ACT 1971
Notice under section 26(2)

Proposed development at 68 Lombard Street, London, E.C.3. Notice is hereby given that application is being made to the Common Council of the City of London by Banque Paribas for planning permission in respect of Refurbishment and alterations.

A copy of the application and of the plans and other documents submitted with it may be inspected at The Department of Architecture and Planning, Guildhall, London EC2P 2EJ at all reasonable hours until 7th February 1984.

Any person who wishes to make representations to the above mentioned Council about the application should make them in writing by that date to the Town Clerk at City of London, P.O. Box 270, Guildhall, London EC2P 2EJ.

Signed V. G. H. HOGBEN.
On behalf of
The Whinney Mackay-Lewis Partnership
Dated 25th January 1984.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.

3½% Debenture Stock, 1979-84
5½% Debenture Stock, 1986-88

Notice is hereby given that the REGISTERS of the CORPORATION'S above mentioned Debenture STOCKS will be CLOSED for TRANSFER and REGISTRATION from the 16th to 29th February, 1984 both days inclusive.

By Order of the Board
H. J. McTURK
Secretary

48 Palmerston Place
Edinburgh EH12 5BR
30th January, 1984

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How immodesty becomes a Silicon Valley resident

BY LOUISE KEHOE

"MY GOAL is to have Advanced Micro Devices become the American champion of integrated circuits. I believe that we can grow next year more than we grew in our first 14 years. I believe that we can grow to $900m."

So proclaimed AMD's chairman, Jerry Sanders, recently at the company's spectacular $0.5m employee Christmas party.

Sanders, a natural showman, and a legend in California's Silicon Valley, followed up this prophecy with a promise to workers of a week's bonus pay if the company achieved $400m of sales in the first half of its current financial year, and then topped off the offer with another week's bonus for all if the $900m figure is reached by March 1985.

Considered by many to be brash, aggressive and cocky, Sanders—who founded AMD 15 years ago—is never afraid to boast of his own, and AMD's, achievements. Certainly the growth has been rapid, and in the eight years to end 1983, sales rocketed from under $30m to over $480m.

But while many acknowledge his ability to spot the right markets—which enabled AMD to survive relatively unscathed in the severely hit semiconductor industry between 1981 and 1983—others cast doubt on whether his targets are safe.

Says one company president of the dangers of accelerating growth: "It can tear the organisation apart. The biggest challenge is controlling the growth."

Gordon Moore, chairman of Intel, recently said he plans to limit his company's revenue growth to 10 per cent this year. "That is as fast as we can grow without losing control," he explained.

Sanders built up AMD on the shirt-tails of other chip makers. In the early days, it operated as a second source for other companies' products, including Intel. Recently, when Intel agreed to second source a telecommunications circuit invented by AMD, Sanders displayed the news with pride. "I'm sure some of you never thought you would see the day when Intel would second source our chips," he remarked.

Sanders attributes his company's success to market positioning. "We are the most marketing sensitive company in the industry," he says. An immodest claim, perhaps, but others acknowledge his abilities. "AMD managed to have a relatively strong showing throughout the recession, largely due to its selection of less price-sensitive products and markets," says William Strauss, of Integrated Circuit Engineering, of Scotsdale, Arizona.

Sanders: spent $0.5m on his staff Christmas party

Strauss points out that AMD avoided both the pitfalls of the memory chip price decline and the temptations of the volatile consumer electronic market.

AMD is growing at twice the rate of the semiconductor market and in 1983 overtook Fairchild Semiconductor and Signetics to become the fifth largest U.S. semiconductor manufacturer. Having achieved 44 per cent sales growth in 1983, "we expect sales growth in the current year of 50 per cent or more," proclaims Sanders.

"Our pre-tax margins will be greater than 15 per cent," he adds. "We see no reason why we should not exceed our historic high of 17.6 per cent by the end of the financial year (to March 1984)."

Though AMD pursues technology leadership—it will spend $100m on research and development this year—market considerations come first. When the price of 64K rams (random access memory) collapsed Sanders announced that AMD would no longer participate in what was then perceived as a "prestige" market. At the time, his decision was widely questioned, but as prices of 64K rams plummeted, the strategy paid off.

The company is now back in the ram market—but only to satisfy its major customers.

One of AMD's cleverest moves has been to hitch its wagon to the success of Intel's microprocessor family. In 1981 the companies signed a ten-year technology pact that gave AMD the right to make Intel-designed microprocessors, including the top selling 8088 chip used in the IBM Personal Computer.

AMD's new products are primarily geared to the computer, communications and industrial markets. Its current technology mix is about 55 per cent bipolar devices—chips, such as fast memory devices, and fast logic used in military and industrial applications—and 45 per cent MOS (metal oxide semiconductors) which are used for microprocessors, standard memories and a broad range of logic chips.

Despite the planned $100m expenditure on R and D this year, Sanders acknowledges that "we cannot spend enough to catch up with demand." Another problem is funding engineers to run the new plants it is building.

There are, also, some dark clouds on AMD's horizon. Political unrest in the Philippines, where most of AMD's assembly and test work is performed, is a concern.

And, as AMD is one of the few remaining independent semiconductor companies, there is some speculation about the intentions of Siemens, the giant West German electronics group, which has a 16.8 per cent stake in the company.

For its part, Siemens says it regards its co-operation arrangements with AMD as very successful. It also says that it would be interested in negotiating a continuation of the co-operation agreement which dates from 1977 and runs out in mid-June.

While it has extended its original stake in AMD, Siemens says it has no intention at present of taking up its option to extend this further, although it was, nevertheless, possible.

At AMD, meanwhile, Sanders makes clear his passion for independence. If Siemens, or any outsider, staged a takeover, "I'd be gone in a minute," he says.

Lots of theory: not so much practice

Michael Dixon on how management performance might be improved

OUT FROM the black shadows of a deserted street springs a hulking man. He grabs you round the throat and starts to throttle you. How do you stop him?

Well, since the idea—though hopefully not the incident—is central to everyday management, I'll tell you. Put one foot in front of you and the palm of the hand on the same side of your body against his chest. Then give him a push, swivelling hips and shoulders sideways to him as you do so. He'll let go, startled.

If you don't believe me, go and try it against (preferably) simulated attacks by your colleagues. But when you have seen that it works, don't forget to come back and read on. There is something vital you still need to know.

It's that even now, if you were really throttled by a stronger man bent on murder, you would almost certainly die. On being strangled in earnest instead of rehearsal, no matter how realistic, you would be panicked into completely forgetting the push technique.

That was proved by the man who first taught me the street-combat trick, practising it with me continually for an hour. He was also my instructor at Judo which is played by strict rules. They totally exclude throttling. So when in a later Judo bout he suddenly grabbed my throat, I knew something had gone wrong. But I couldn't think what to do about it. Fortunately he let me go when he felt he had made his point. To this day I might well forget again if really assaulted.

What's that got to do with management? Something a deal more fundamentally relevant than anything you could learn from business-school lectures, unless you are a boffin-type whose work consists overwhelmingly intellectual analysis.

In most cases the job depends far more on successfully managing people rather than things, let alone statistics. Most managers know it, too.

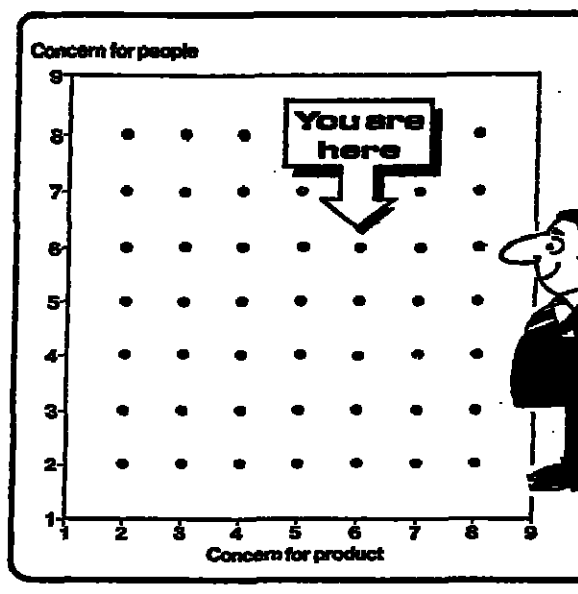
"Even engineers," says Dr Robert Blake, the white-haired elfin-like American psychologist who has a fair claim to having invented the activity called organisation development. "Ask an engineering manager what's the key to his job and he'll say: 'People. Yes sir, people are the key thing! Right, let's step across and see this new robot system we're putting in. It's a lulu. . . .'

"Likewise most younger executives are wised up about man - management theories," Blake goes on. "They were taught them in management school. They know that McGregor's the theory X and theory Y man, and Herzberg's the motivation/hygiene man. Some of 'em even know that Blake's the managerial grid man. Yeah, they'll tell you how to get the best out of people, OK. It's just that back at the office they never get around to doing it, that's all."

SINCE Blake and Mouton personally introduced their first full-scale managerial grid training programme in Exxon in 1959, they and their associates have worked on organisation development with about 5,000 companies in 40 different countries. The two concerns which have so far adopted the system most thoroughly are TRW in the U.S. and Lever Brothers in Canada.

"The outcomes have included jumps in profits, cost-cut exercises that left nobody complaining, and faster promotion for good young executives who earlier had been blocked and gone elsewhere," Blake says. "But my favourite is a chemical plant, one of 11 in the same company that had the worst safety record of all of them. A year after starting the grid, its safety went to the top of the heap and stayed there. If you want a thermometer of the managerial health of an enterprise, safety records are as good as any."

MANAGERIAL GRID



There is no hint of sourness in his irony. He long ago stopped expecting working executives to do as they are advised by experts with a wealth of study and consulting experience behind them. Probably he didn't expect it even two decades ago when he and his colleague, Dr Jane Mouton, first developed their managerial grid as a system of debugging and revitalising whole company cultures.

Think of a graph. The intersection of the horizontal and the vertical lines at the bottom left-hand corner is numbered one. Running along the bottom line is a scale ending in number nine, each higher numeral representing a greater degree of concentration on the task of getting goods or services produced and delivered. The vertical line is also numbered to nine, similarly denoting a rising degree of concern for the needs of the people involved in doing the producing and delivering.

That is the grid on which the Blake system plots different styles of management. In the bottom left-hand corner—the 1.1 style—is the manager whose only concern either way is to keep the works ticking over well enough to stave off dismissal. The one in the bottom right corner—termed a 9.1 manager—is dedicated almost exclusively to getting the goods produced, treating the people involved as mere appendages to the machinery.

Up in the top left corner is the 1.9 or "country club" manager devoted to keeping the people happy in the usually mistaken belief that production will then look after itself. Smack in the centre of the grid is the 5.5 executive to whom managerial life is one long compromise to keep quantity and quality of production as good as possible without disrupting human relationships and vice versa.

Most managers tend to work in one or another or in a combination of those styles. The aim of the training system developed by Blake and Mouton's company, Scientific Methods, is to get an organisation's executives to work collectively to change its whole management culture towards the style represented by the grid's other corner—the one at the top right.

It signifies the 9.9 or "team-management" style. Unlike the 5.5 which treats workers' morale and production standards as separate so that more of the one can be achieved only at some loss of the other, the team-management view is that they are a unity with the result that high morale is essential to high standards of output and, again, vice versa. The 9.9 executive therefore concentrates on constantly improving *both*.

Since the team-management ideal is so obviously preferable to any of the other styles, the Scientific Methods training system has been taken up over the past two decades by organisations all over the world. They are far too numerous to list but they include, for example, Procter and Gamble and BAT Industries.

But Robert Blake would be the first to admit that while some companies have thereby changed their management culture effectively towards 9.9, a lot have no less thoroughly and rigorously put their executives through the training programme without its bringing about any significant change in the styles of management they actually practise.

"Getting the change made calls for a deep kind of learning," he says. "It has to go beyond knowing in your head that you can and should do things better. It must go deep enough to make you stop doing what you've always done before and start using the better way instead. But organisations develop immunity to that deeper learning."

Consequently while executives come to know the new concepts and to act on them within the well ordered, rational atmosphere of the training room, once they get back to the nitty gritty of the workplace they largely fail to apply their new knowledge. To return to the context of throttling, they are like you are now. You know the push trick and can demonstrate it against a simulated attack, but in a real emergency you would be simply incapable of using it.

The problem of how to get people to make the transition from merely knowing something to being able to act on it, has been with us for a long time. The key to solving it was formulated well before Dr Blake—about 22 centuries before, in fact, by Aristotle.

He said that knowing that something is right and can be done is no more the same thing as acting on the knowledge than the fact that young schoolchildren can recite "facts" is a guarantee that they understand them. To be capable of being applied in reality "knowledge must be worked into the living texture of the mind, and that takes time."*

It also requires continuous opportunity to try out the knowledge in real conditions until it is fully worked-in, which means making mistakes at first. And if an organisation wants its executives to manage people more effectively, sending them for training will be no good unless on return they are not just allowed but expected to work in a different way with the assurance that due allowance will be made for the inevitable beginner's mistakes.

There is only one person in any organisation who can make sure that the crucial supportive atmosphere is provided. It is a job for chief executives. Too bad that most of them "never get around to it, that's all."

**Ethics VII 1147a Penguin 1955.*

THE ARTS

Architecture

Colin Amery

Superficial view of the South Bank

Imagine the whole of Soho and Covent Garden thrown together and you have some idea of the extent of London's South Bank. In all it is about 270 acres of prime, urban riverside land. To walk *from* County Hall to the new IBM building just beyond the National Theatre is about the *same distance* as walking, in New York, from Times Square to Central Park.

But the quality of the urban experience is rather different. So much of the South Bank is a hideous concrete undercroft that it feels like a deserted New York subway station in the South Bronx. There is that awful moment when you are *waiting for* a train in the New York subway when you suddenly see the rats running around the *litter strewn tracks. London's* South Bank on a wet night gives you the same feeling.

Under Mr Ken Livingstone's commisariat there have been some pretty frantic attempts to make it a jollier place. The Royal Festival Hall foyers have become a lively flea market, the whole place is covered in signs, banners and slogans. It is all pretty desperate.

As a last throw the GLC have published, and their Arts and Recreation committee will debate on Wednesday, a first stage report that the authority has commissioned from the architect Cedric Price. It is concerned with providing a framework for a major rejuvenation.

Mr Price is a sensitive and intelligent man with a somewhat oblique view of the world. He is not an architect who believes in building monuments. He feels that cities grow by a kind of cumulative action of the citizens and that they *should be planned step by step* in response to the citizens' needs. He has a touching faith in mechanical and electronic communications, and as far as one can tell from this report, no visual sense whatsoever.

What are his chief recommendations that the GLC will consider? First of all he thinks that the whole area needs a single administrator to co-ordinate the activities of the GLC and the other tenants and users. This person should run the whole place for the three main user-groups who represent National, metropolitan and communal interests. He goes on to say that any improvement should be planned by degrees and the whole site should become, "a public constructional toy."

Quite what this means is not spelt out. Car parking should be restricted, in Mr Price's view, so that the area can become more of a public forum with Chicheley Street and Belveder Road closed to general traffic. A new *footbridge is proposed* on the upstream side of Charing Cross bridge providing *direct* access to Jubilee Gardens. Generally speaking the report wants to allow for "ease and delight of movement" . . . . It also calls for a regular river boat service linking the South Bank to the Thames Barrier.

The key to the entire area may be provided by a rationalisation and spreading of what Mr Price calls, "humane servicing"—(architect's jargon for eating, drinking, resting etc.). In the report's eyes these services should not be tied to specific buildings. It should not be necessary to have restaurants that *relate* only, for example, to the Festival Hall. I think what Mr Price is trying to say is that streets of shops might well be the right answer and serve the whole neighbourhood. He *argues strongly for an end to* the large, single, inward-looking monumental buildings and asks that the plan to move the National Portrait Gallery to the South Bank should be scrapped.

Drawing parallels with the Rockefeller Centre in New York there is a proposal for an ice rink near the York Road. The most spectacular suggestion is for a giant Ferris Wheel to be sited near County Hall which will allow visitors to observe the fall of the GLC from a great height. Also proposed is a huge umbrella to shelter up to 100,000 people for giant rallies.

These suggestions for what the GLC calls a "South Bank Renaissance" were presented at a totally shambolic news conference which was invaded by shouting protesters from the various South Bank community groups. The GLC councillors presented this vision of the future with so much rudeness and anger that it is very hard *to take it seriously in any way.*

First, it is a pretty thin strategy, not costed and in many ways very *impractical*. Second, it reads like a student's theoretical exercise for a town planning diploma in the late 1960s — full of barmy ideas that are unrelated to the problem in hand. The South Bank needs intense development and a high standard of design and materials, and above all it needs a clear architectural framework. Mr Price is delightfully out of date with his enthusiasm for the *ad hoc— London deserves* better than this.

The cathedral at Uppsala dramatised by Axel Haig

*

Axel Haig: The Victorian Vision of the Middle Ages is an exhibition of etchings and water colours at the Heinz Gallery, 21 Portman Square, London, W1, until February 25.

Haig was a Swedish artist who was always known as the *Piranesi of the Gothic Revival*. He is particularly distinguished for his collaboration with William Burges, and the colourful watercolours of the interiors of Cardiff Castle conjure up the lost world of the medieval fantasy. This is a fine display of Haig's work and is accompanied by a new book on the artist by J. Mordaunt Crook and *Christopher Lennox-Boyd* (published by Allen and Unwin with the same title as the exhibition).

Haig's architectural visions are still available for collectors of prints and Sanders of Oxford and Grosvenor Prints in Covent Garden have a good selection. It is strong stuff — a potent and magic view of architecture, *totally reminiscent of the 19th* century. Haig's etchings were best sellers in their day because they combined so successfully accuracy and fantasy — Gothic splendours that enriched the palette of the Victorian architect.

Strider/Cottesloe

Michael Coveney

Strider—The Story of a Horse is the National Theatre's version of a show that has been doing the rounds for years, a sort of alternative *Equus* premiered at Leningrad's Gorky Theatre in 1975 and long since a fixture on the festival circuit. I saw Tovstonogov's celebrated production some years ago in Belgrade. More recently, New York had a successful version of its own.

The source is a Tolstoy story about a piebald gelding whose inner life and judgment of the human condition is both striking in itself and reflective of the decline into debauch and disgrace of a mighty Prince. Instead of Peter Shaffer's wire *horse-head frames and* black polo-necks, the Russian adaptor Mark Rozovsky and Tovstonogov *gave the actors swishing* tails and devised a ballet of equine movement, of snorting, whinnying, bridling and shimmying that was unforgettably remarkable.

The same approach is adopted by director Michael Bogdanov and his movement colleague David Toguri. The stage is a bare paddock surrounded by gnarled tree trunks. The over-all impact is far less brutalist and overpowering than its blueprint. But the evening has a refined grace and a concentrated discipline notably absent from Mr Bogdanov's recent work.

The action is contained within the throat-cutting slaughter of the mangy old Strider. Michael Pennington, who looks as though he has only acquired a few pounds in weight since his self-lacerating Raskolnikov last year, walks away from his death to tell us his story with an undulating, provocatively gentle swagger, He conveys an inscrutable saintliness behind extravagantly hooded eyelids, grey and shabby in his torn costume, invincible in his dignity.

Old age is both majestic and disgusting, we are told, and this theme recurs once the parallel story of the Prince (Clive Arrindell) is embarked upon. The Prince is one of several owners tolerated, just about, by Strider, and the possessive instinct achieves a wonderfully melded interchanging effect in the racecourse scene, where the company, by gesture and odd costume decoration, leave us to decide which category, human or animal, they occupy.

The equine chorus is fitted out with *simple leather* harnesses while the human opposition — Basil Henson's *General*, Stephen Brennan's supercilious Count and Bill Moody's gargantuan stable lad —are made to look unnatural in period costume.

Mr Brennan, in fact, doubles as a spiritedly aggressive stallion on the stud farm where Strider meets the horse he loves. This latter beats is played by Dinah Stabb, a most touching, beautiful and accomplished actress, who in turn adopts human guise as the Prince's lover. These reverberations are sensitively judged in a production where the single most violent image is of Mr Pennington, stretched and manacled, being castrated, an experience which *converts Strider, in fact, into* the withdrawn, embittered, contemplative Tolstoyan narrator.

An efficient ensemble presentation is only occasionally flawed—by a bad wig, say, or a momentary lapse of concentration—and the evening, in sum, must be counted a modest, if derivative, success, with Terry Mortimer's little band providing worthy musical accompaniment.

Alastair Muir

Michael Pennington (front) and James Hayes

Academy of St Martin

Andrew Clements

Antony Pay *took over* the concert in the Barbican Hall on Saturday evening from *Neville* Marriner who was indisposed. Evidently it was the first occasion in the 25-year history of the Academy of St-Martin-in-the-Fields that it has been conducted for an orchestral concert by anyone other than Mr Marriner. In London we have *previously* heard Mr Pay as a conductor with the London Sinfonietta, and then most often in 20th-century works. Here in symphonies by Haydn (no. 96 in D) and Mendelssohn (the Italian) he proved vigorous and robust, obtaining sharp ensemble, but a shade inflexible in tempi and phrasing.

In two Mozart piano concertos he and the Academy fashioned fresh, often urgent accompaniments to Alfred Brendel, who was in beguilingly fluent yet sometimes mysterious mood. Perhaps the near-aggressive nnig edeMr Pay lent to the *opening tutti of the A major* concerto K.488 encouraged Brendel to unusual severity, presenting the keyboard decoration in plain, limpid patterns and the melodies without undue inflection or rubato. The Adagio was sustained on a taut almost *wiry cantilena; even the* finale remained well groomed rather than suave.

If the components of K.488 did always cohere convincingly, the C minor concerto K.491 was a different matter. Brendel was on top form, marying silkily-spun passage to superb dramatic sense. The first-movement development was punctured by a series *of* left-hand explosions that maintained momentum unceasingly, *the slow movement focused* everything towards the final solo, delivered with an almost pinched economy; the finale's tension was finally discharged in a perfectly poised twist into 6/8 after the coda, the piano line allowed to sparkle for the *first* time. Throughout the Academy woodwind played its own distinguished part: Thea King *(clarinet)* and Martin Gatt (bassoon) were outstanding in the concertos, while in the Haydn symphony Celia Nicklin had turned the oboe solos of the trio with delicious account.

Ravel and Varèse/Festival Hall

David Murray

On Friday David Atherton conducted the BBC Symphony, Symphony Chorus and Singers in the latest instalment of the London Sinfonietta's Ravel-Varèse Festival. One of the strongest concerts so far, it deserved a still better house—though thousands of *Radio 3* listeners undoubtedly seized their chance at home. The complete *Daphnis et Chloé* is perhaps universally familiar nowadays through recordings, but a live performance promises a special *éclat*; Atherton and *his forces* managed that admirably.

Musicianship, not virtuosity, was the best part of it. The first woodwinds rose gratefully to Ravel's gorgeous *solo writing,* but the trumpets' solid competence left their brightest colour-splashes slightly clouded. At the first climax their motif —even with full flute-family reinforcement — disappeared under the rich choral swell; Ravel *imagined* the *singers* "derrière la scène," of course, and this large, excellent chorus *would have* been enhanced by distance. The choral interlude, damnably hard to keep in tune, can seem mere time-filling ululations, but here had a fine, growing urgency (and no pitch-disasters).

Atherton secured genuine pianissimos, long arched lines, vivid (but not brutal) dramatic contrasts. Where the score is symphonically weakest, illustrating conventional *ballet* flirtations in the first scene, he characterised the parts scrupu*lously. The graceful pulse of* the solos for Daphnis and Chloé was as exactly captured—a rare thing—as the controlled frenzy of the pirates' number and the *Danse générale* (brilliant little army of percussionists).

An exhilarating performance, equalled in a more aggressive vein by Varèse's *Arcana* before *the interval.* There Atherton was perfectly in his element, setting up and setting off the apocalyptic bursts like a master pyrotechnician. Dazzling colours, sprung-steel rhythm, powerful conviction overall: what a score it is! No Varèse contemporary (unless maybe Carl Ruggles) makes such an impression of fierce originality *far from any mainstream.* Ravel's early, suppressed *Shéhérazade* Overture sounded *pallid* and patchy by comparison; it *is*, but not so much as that. The three tricky unaccompanied choruses of 1915 went much better, from the BBC Singers—crisp and lucid, nicely shaped.

All the World's a Stage/BBC-2

Michael Coveney

Despite the thumping obviousness of the title, Ronald Harwood's 13-part series for BBC2 on the history of the theatre got off to an entertaining start last night with our *host playing hero at his own* First Night on Broadway (the bashfulness was not terrific) while, on Bali, a lot of men wearing tablecloths tried to stick knives through their chests during a primitive dance routine.

What the Barong dancers did not know is that, in the theatre, knives must only be stuck through the back. Harwood could have told them as much, but he was too busy looking entranced in the front row. The magic of theatre works in mysterious ways and, in this opening episode, I liked the way Harwood almost, but not quite, defined the *need* for theatre as a way of acknowledging what is strange and *indefinable* in ourselves.

The Broadway opening was of *The Dresser* starring Tom *Courtenay* and Paul Rogers and although, with a cruel irony, the excerpts could not have conveyed to viewers the play's special theatrical quality, the backstage stuff was riveting, full of trite conversation and worry about what the critics would say. No-one in the theatre wants criticism. For theatre folk, criticism is only useful, as Noël Coward said, when it's *praise. But The Dresser's* producer worked up a good hard-nosed act for the camera, ruthlessly extracting quotes from the early editions that might sell a seat.

In the companion book to the series, published today by Secker *and Warburg at £12.95,* Harwood keeps saying that the theatre has little to do with the intellect and even less with literature. He is right, in one way, but also, in many obvious respects, wrong. The book is really no more than a sort of coffee table amalgam of Allardyce Nicholl and E. K. Chambers: in recounting his *personal journey through the* theatre, he thus beats along the familiar acedemic path while rejecting academism as a virtue. It will be interesting to see if and how the programmes resolve this paradox.

Last night, Harwood declared his interest and *concerns* from the study of his Hampshire home, on location in Bali, from the Greek island of Skyros and, a little woozily, from Broadway. Interspersed were a few tasters *of subsequent episodes, with* Michael Frayn concisely apostrophising the appeal of writing *for the theatre as one of* pushing against the medium's limitations, and the one and only Frankie Howerd giving us a snatch of Plautus which sounded delightfully like *Up Pompeii*!

Gielgud, Colleen Dewhurst *and Eli Wallach all whetted the* appetite for a series which, though it may not prove as quirky, authoritative or rigorous as Lord Clark's, Dr Bronowski's, or Jonathan Miller's, is certainly going to be lapped up by all anti-intellectual Open Univeristy students.

Next Sunday's episode begins with Harwood at the Acropolis *and continues with a quick run-*down of the Dionysiac principles while Terence Stamp, in a very odd make-up as the god of the dramá, and Edward Fox as a staggeringly bemused Pentheus, enact scenes from *The Bacchae* in an intimate amphitheatre. Plenty of mystery there, alright, and the setting is magical.

LSO/Barbican Hall

Dominic Gill

On Friday evening the London Symphony Orchestra were on the same bright, responsive form under Yevgeny Svetlanov as they had been three days before under André Previn. Their accompaniment *of Dvorak's cello concerto* was a consistent pleasure: articulation was clean, ensemble was relaxed and accurate, tone-colours were warm and richly varied. Throughout the concert there was—less definable but just as palpable—a sense of unity to the sound: the LSO are *listening* to themselves again.

Julian Lloyd Webber's playing of the concerto's solo part was less of a pleasure. Excepting only certain registers high on the A string, where he regularly found some attractive, reedy vox humana timbres, his cello tone was thin, uncarrying, and very *sparely* modulated throughout most of its range. Scratchy bowings and sugared portamentos (notably *in the* second movement) were the commonest expressive devices. It's unfair perhaps to judge such playing, since it belongs to another class entirely, by the same lights as Yo-Yo Ma's of the Elgar concerto under Previn. But memories were too fresh; and the standards to be applied are essentially the same. By them, Webber's performance was unsubtle, uninflected and dull—and for that no *amount of scowling or* soulful looks could compensate.

Svetlanov and the LSO ended *their programme with the vivid,* uneven concert cantata which Prokofiev abstracted from his film-score for Eisenstein's *Alexander Nevsky*. The first *four* sections of the cantata still cry out for visual complement (unsurprisingly), for every bar of Prokofiev's *score*, one of the earliest experiments in the genre, was designed to *counterpoint a visual image)*; the three last and longest sections, distinct set pieces in the film, stand magnificently on their own. The London Symphony Chorus sang with admirable containment and attack, and bravely in Russian (though *some* English vowels proved impossible to eradicate). The mezzo soloist in "The field of *the dead," more idiomatic* in timbre and vowel, was Alfreda Hodgson. The instrumental ice-battle was *brilliantly sustained.*

Omelette Surprise/Wigmore Hall

Ronald Crichton

Sarah Walker and Roger Vignoles at the Wigmore Hall on Saturday night for a song *recital built round two famous* poets, Goethe and Verlaine. The former was heard through the ears of Schubert, the *latter in* what the performers called an "Omelette Surprise"—settings of the same four poems by three composers, Fauré, Debussy and Hahn.

In more than one way the big Goethe-Schubert group set the *tone for an evening of* many and great delights—shared enjoyment mounting to physical exuberance, shot through with penetrating intelligence. In "Ganymed" these qualities were mated with luminosity, in the first 'Suleika" song with prismatic colours, in "Der Fischer" with a beguiling, sardonic lightness. In the second "Suleika" *the singer's tone* temporarily coarsened but was still buoyed up by vital rhythm. The first part ended with "Erlkönig." Miss Walker's *attempt to conquer* what is usually masculine territory was valiant but not *sharply enough* characterised for the three voices—child, father and evil spirit. There was a touch of respectful inhibition, even in the under-projection of the final sentence. Mr Vignoles produced some chilling moments in the piano part.

Verlaine and his rival minstrels widened an already broad range of vocal colour and verbal nuance. *If Miss Walker's* German is easy, her French is fully expressive. The idea of giving the same poems in more than one composer's setting was not new. Nor was there any surprise, though there was endless pleasure, in the masterly performances. One slight disappointment: Miss Walker's rightly severe way with metrical licence in Fauré is not quite *right for Hahn's "Offrande."* Surely Hahn's songs are deliberately light in texture because consciously or not he wrote with his own voice in mind. Records tell us this was a light, high baritone, velvety but clear, coaxing each syllable and note into subtle, shapely phrases.

An unexpected point was made. In these readings at least Verlaine's *words came over* more clearly in Fauré's settings than in Debussy's fanatically *sensitive* treatment. And there was a surprise, the last song on the programme being a little-known, light-hearted setting by Hahn of "Mandalin." This triggered off a generous bunch of encores displaying (among other things) Miss Walker's irresistible *Beatrice Lillie side.*

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

January 27-February 2

PARIS

Trio Mercier, Parrenin, Schwartz: Beethoven, Schubert, Ravel (Mon). Salle Gaveau (563 2030)

Orchestre Colonne conducted by Pierre Dervaux with Jean-Pierre Rampal and Alexis Weissenberg: Mozart, Beethoven, Ravel (Mon). Salle Pleyel (561 0630)

Ensemble Intercontemporain conducted by Jean-Claude Pennetier: Stockhausen, Xenakis, Reverdy, Messiaen (Mon). Theatre de la Ville (274 2277)

Berlin Symphony Orchestra conducted by Hans Peter Frank: Strauss, Matthus, Brahms (Mon, Tue). Theatre des Champs Elysees (723 4777)

Nouvel Orchestre Philharmonique conducted by Jacques Mercier: Roussel, Poulenc, Fourchotte, Milhaud (Tue). Radio France-Grand Auditorium (524 1516)

Ashkenazy, piano: Schubert Schumann (Tue). Salle Pleyel (561 0630

Ensemble Orchestral de Paris – Chamber music: Ibert, Jolivet, Saint-Saens, Debussy, Ravel (Wed). Salle Gaveau (563 2030)

Orchestre de Paris conducted by Eugen Jochum, Yo Yo Ma, cello: Weber, Schumann, Beethoven (Wed, Thur). Salle Pleyel (563 0796)

Cecile Hugonnard-Roche, piano: Bach, Schumann, Debussy, Prokofiev (Thur). Salle Gaveau (563 2030)

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Murray Perahia piano. Webern, Mendelssohn (Tue); Zubin Mehta conducting. Brigitte Fassbaender, mezzo-soprano, John Vickers, tenor. Haydn, Mahler (Thur). Lincoln Center (874 2424)

Carnegie Hall Youri Egorov piano recital. Schumann, Debussy (Tue). (247 7459)

Merkin Hall (Abraham Goodman House) Malcolm Bilson fortepiano recital. Mozart and Beethoven (Mon); Elizabeth Rich piano recital. All-Mozart programme (Tue); Nina Beilina, violin and May Cuckson piano recital. Mozart, Rosenzweig, Cuckson, Schubert (Thur). 67th W of Broadway (362 8719)

WASHINGTON

Concert Hall: National Symphony, Rafael Fruhbeck de Burgos Pinchas Zukerman, violin. Gluck, Mendelssohn, Strauss (Tue, Wed, Thur). Kennedy Center (254 3776).

Theater Chamber Players of Kennedy Center (Terrace): Schubert, Schoenberg, Brahms (Mon). Kennedy Center (254 9895)

LONDON

Philharmonia Orchestra conducted by James Judd with Malcom Binns, piano. Beethoven. Royal Festival Hall (Mon). (928 3191)

Academy of Ancient Music directed by Christopher Hogwood. Mozart and Haydn. Queen Elizabeth Hall. (928 3191). (Mon)

Royal Philharmonic Orchestra conducted by John Nelson with Andrew Litton, piano, LaVerne Williams, soprano and William White, bass. Britten, Gershwin and Vaughan Williams. Barbican Hall (Mon). (638 8891)

Academy of London conducted by Richard Stamp with Jose van Dam, bass. Bach and Stravinsky. Barbican Hall (Tue)

London Philharmonic Orchestra conducted by Yevgeny Svetlanov with Valery Klimov, violin. Liadov, Tchaikovsky and Brahms. Royal Festival Hall (Tue).

London Sinfonietta conducted by David Atherton with Felicity Palmer, mezzo-soprano, John Constable, piano, Nona Liddell, violin, Christopher van Kampen, cello, Marisa Robles, harp and John Whiting, electronics. Raval and Varèse. Queen Elizabeth Hall (Tue)

Royal Philharmonic Orchestra conducted by Walter Weller with Janina Fialkowska, piano. Prokofiev, Schumann, Dukas and Ravel. Royal Festival Hall (Wed)

English Chamber Orchestra conducted by Gustav Kuhn with Felicity Lott, soprano and Anthony Halstead, horn. Mozart and Britten. Queen Elizabeth Hall (Wed)

London Philharmonic Orchestra conducted by Yevgeny Svetlanov with Cecile Ousset, piano. Tchaikovsky, Rachmaninov and Sibelius. Royal Festival Hall (Thur)

Dreamtiger Peter Cropper, violin and Peter Hill, piano. Dallapiccola 80th anniversary concert. Purcell Room (Thur). (928 3191)

Calamity/Tricycle, Kilburn

Michael Coveney

Frontier women of 1884, three of them, are discovered on green turf camping outside *their* wagons. One is an approximation of Calamity Jane, another the archetypal saloon bar floozy, a third the domesticated dame with sewing, and a song, in her heart.

Nothing specific is proposed by Bryony *Lavery's cumber-*some, pedantic and repetitive play for the Monstrous Regiment touring company. *As a piece of* writing it does not even aspire to the level of wit of such cinematic Western spoofs as *Blazing Saddles* or *Bronco Billy*. In spirit at least, it is closer to *either of those pieces than to* such genuinely creative attempts to re-write Western mythology in the theatre undertaken by Sam Shepard.

Calamity drones on in its heavy-handed way, years out of date, on topics of sexual role-playing, virility, aspiration, even food (should a rabbit shot for the pot be referred to as "*jugged her?*"). The cabaret is not only boring. It is static, smug and unnecessarily familiar.

The sadness of the complete failure of a company like Monstrous Regiment to change, improve or even move with the times, is that gifted performers like *Gillian* Hanna and Mary McCusker keep ploughing the same old furrows. There is no animation within the performance of either actress, no light or shade, no invention beyond obvious cracks about rolling wagons, striking camps or scattering snakes. There are stock feminist remarks about Darwin, drinking, even the Blue Danube waltz.

The Sleep of Reason/ICA

Martin Hoyle

The programme for IOU's short piece prints a poem—song?—by Lou Glandfield, one of *the company*. Entitled "There's a place where murderers go," it contains such sinisterly resonant lines as "Their cuff-links gleam/Like a killer whale's eyes" in a cheerfully jogging rhythm. If T. S. Eliot had written of practical murderers instead of cats he would have produced something like this.

The ominous informs this surreal entertainment. The terrible stand-up gags are reeled off to a nervously uncertain audience by an escaped convicted killer. The garden shed *and cabbage patch of the pains-*takingly realistic set (being a collective, the company eschews *individual credits, save for John* Cumming's lighting) is countered by what look like draped headstone crosses, *stage right,* which on closer inspection look uncomfortably like planted corpses.

There is little in the way of *logical* narrative, though the tenuous, almost inconsequential, links belong to dreams. An old gardener *listens* to an ancient radio set — its sound-effects eerily correspond to his own actions; its play concerning a prison break blends into reality with *the arrival of one of the* escapers. Humans are endowed with animal characteristics: three *bird-like* crones, elongated necks topped by tiny heads, pump the gardener up until his inflated chest is near bursting; bobbing - bosomed bumble-bees, their eyes ingeniously represented by sieves, poison the homicidal stand-up comic with sandwiches laced with weedkiller.

The *actors* pursue their mad way with style; and the evening's impact is immeasurably enhanced by *the music*

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Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

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Backs against the wall

PRESIDENT Francois Mitterrand and his left-wing Government are up against it in France. The Government's standing with the electorate has been shaken. The need to restructure industry and farming promises much pain and few rewards in the immediate future. Rumbles of discontent, occasionally leading to violence, come from both industrial workers and the farmers. The Communists, while they show every sign of sticking to their place in the Government, are determined, too, to fish in troubled waters.

Much of that has time-honoured precedent. What is new, and disconcerting, is that so many difficulties should be coming to a head in quick succession or simultaneously. The old year was ushered out by violence at the car assembly plant at Poissy. The new year was ushered in by farmers attacking lorries loaded with imported meat and other produce.

The farmers' unrest has occurred against the background of the crisis surrounding the common farm policy of the European Community and the future of Community finances. These issues open up a number of splits within the Community, but the most obvious clash is between Britain and France. Since two British lorry drivers were held captive for two days by the Breton farmers (under conditions, be it said, none too onerous), it is easy to blow up the whole complex into an Anglo-French dispute: after all, in December the British side appears to have been none too squeamish in delaying a consignment of Norman long-life milk.

But the 100 Years' War had best be forgotten. The issues are more diverse. Not only British lambs have aroused French ire; so have Spanish vegetables, Dutch bacon and Italian wine. Behind each case there lies a failure of efficiency or a climatic or geographic disadvantage in one French region or another. French farmers, too, are wrong to blame all their troubles on a supposed lack of generosity in the farm policy of the Ten.

That being so, it is hard to understand the decision in Paris to impede imports of pork by chicanery at the border (though, as the instance of long-life milk shows, others can play the same game). As a chief beneficiary of the farm policy, France has no interest in erecting such barriers to trade, in particular since they are no more than palliatives.

A similar dilemma, requiring a choice between palliative and cure, confronts French industrial policy. The need to shift France away from the mature industries has been recognised. The Government, so far at least, has been stern with steel and coal. In the case of Poissy, the threatened number of redundancies was heavily reduced,

Formidable task

The Government seems to have wavered in the case of the shipyards. It intervened to prevent a large order for freighters going to Yugoslavia, knowing that it would have to subsidise uneconomic production in France. Palliative was preferred to cure.

What happened at Poissy and what happened in the shipyards cannot be condemned out of hand. Any reasonable Government will try to cushion the shocks of industrial restructuring. But it must also ensure that such action does not defeat the overriding need to nurse industry back to sturdy health.

M Mitterrand faces a formidable task. Most of the harshness required will be at the expense of his own supporters in the working class. He must keep an eye on the Communists at all times to prevent their exploiting this dilemma.

At the same time M Mitterrand faces a parliamentary Right which may have suffered from the scandal of the oil sniffer planes, but which feels that events are going its way. The local successes of an extreme, xenophobic Right add to the pressures. There is no reason to suppose that the outbreaks of violence are more than isolated episodes. But the President will need all his skills to rise to the immediate and the long-term challenges.

Accounting for inflation

THE CURRENT cost accounting standard, SSAP 16, is down but not quite out. Current cost figures will in future be confined to a note at the back of annual reports of listed companies, but at least they will still be published. Or so it will turn out if the Accounting Standards Committee approves a statement of intent about a future standard at its meeting on February 29.

This outcome will be a long way short of the proposals put forward last autumn by the ASC's inflation accounting subcommittee which wanted an adjustment to be made to the main accounts. It also recommended that some sort of simplified correction should be applied to the accounts of small, private companies exempt from SSAP 16. But the statement of intent, as at present outlined, will probably be viewed with a degree of satisfaction by the big auditing firms. The flexibility allowed to companies in calculating the adjustment for changing prices has been restricted, and British practice will fall roughly in line with that required of big American companies under the relevant U.S. accounting standard, FAS 33.

Enforcement

The scrapping of supplementary accounts was probably inevitable once it became impossible to pretend that they might form part of the transition to full current cost accounting as the normal reporting system. But to demote the corrections to a note does carry the danger that companies will conclude that they are less important and can even be viewed as voluntary. Already companies have begun to flout SSAP 16, and have discovered that the penalties are less than crippling. It is not clear whether under the new system the absence of current cost figures will continue to be pointed out in the auditors' report, or whether the Stock Exchange will continue to lend its weight to the enforcement of inflation accounting.

Enforcement is the key, as the newer members of the ASC have found out the hard way. When Mr Ian Hay Davison broadened the membership of the committee nearly two years ago—bringing in a wider spread of preparers and users—it seemed like an opportunity to seek a fresh approach to current cost accounting, already a thoroughly shopworn product at that stage. Unfortunately the ASC and its subcommittee have wasted further time and energy going over a lot of old ground.

The inflation accounting issue has demonstrated the limits of self-regulation. If bodies like the accountancy institutes, which enforce the standards devised by the ASC, are to be able to impose a particular line, they have first to be able to arrive at a consensus. But as far as inflation accounting has been concerned, there has never been a consensus among all the parties involved—the preparers of accounts, the auditors and the users including the Government and the Inland Revenue.

Government intervention through the 1975 Sandilands report introduced problems from which the ASC has never managed to recover. That report promoted the current cost accounting as a system which could be employed by managements as well as external users, but it has never been widely enough adopted by industry to make up for its shortcomings as a reporting method.

There would have been more chance of success in going about it the other way—by trying to find out what users like shareholders, employees and bankers want and need. But the problem is that the user groups are much less well organised and sure of their views than companies and their auditors. Without the intervention of a strong agency representing users, in the way that the Securities and Exchange Commission operates in the U.S. by enforcing the requirements of the Financial Accounting Standards Board, the inflation accounting momentum in the UK has faded. This is not in itself an argument for a British SEC—but as with the Gower report, it does emphasise the gaps that exist in the regulatory performance of the Department of Trade.

With inflation around the 5 per cent mark, many accountants are tempted to argue that inflation accounting can be dropped. This would be a mistake. In fact this would be a good time to introduce an effective inflation accounting system, because the impact on reported results would be less disruptive. Even at 5 per cent, inflation has a significant impact on the historical cost performance of many companies. It is important that the minimal remaining requirements for CCA reporting are widely observed, partly because inflation accounting is still relevant today and partly because it is essential to maintain practical experience to protect both companies and investors against a future resurgence of inflation.

BRITISH PAY SETTLEMENTS

How the pattern is changing

By Philip Bassett, Labour Correspondent

THE pattern of pay settlements in Britain seems to have changed. Instead of the stable, or even downward, trend of the past three years, the signs are that a range of pressures may be edging wages up again.

Figures published this month by the Department of Employment show that the underlying increase in average earnings has held steady at 7¾ per cent for the past four months, while the earnings index—which measures raw increases in average earnings—fell sharply in November from 8.7 to 7.3 per cent.

And the CBI's latest official Databank figures show an average settlement level of 5.6 per cent, suggesting little change since last summer. Incomes Data Services, the pay research company, also reckons that settlement levels are relatively stable in the 4.5 to 7.5 per cent range.

But earlier this month the CBI's own conclusions were challenged by pay researchers. They argue, on the basis of the CBI's own confidential figures, that average earnings may now be increasing.

For its part the Government seems fairly sanguine in public about pay. Sir Terence Burns, Chief Economic Advisor to the Treasury, told the Commons' Treasury select committee earlier this month that a settlement pattern now tends to emerge from about August. "Once that has been set, it tends to be followed through the year regardless of what happens to the inflation rate," he said.

Yet both the Government and the CBI acknowledge that there is a 4 per cent gap between settlements and earnings in manufacturing industry. The Government is not sure why, but suggests that it is partly accounted for by increases in overtime, performance-related bonuses and productivity payments. It may also reflect demanning and demographic changes in the complexion of the labour force.

Moreover, the relative unanimity of the figures may actually disguise a more fragmented pattern not only of pay, but also of some other key issues:

● Managing success issues. Increased pay pressure when profits rise is still a factor. IDS argues that such deals as the 8 per cent settlement at successful Vauxhall, while at the top of the pay range, are not exceptional, instancing the deals made in road haulage—mostly nearly 2 per cent above last year's settlements.

Some employers are concerned that continuing emphasis on the ability to pay, and on labour market conditions, may rebound upon them if profits continue to increase and a lack of skilled labour starts to outweigh redundancy fears in the minds of employees. This may encourage companies to bargain together again in an effort to maintain employer solidarity.

● Industrial pay stability. Industry-wide deals are remarkably stable in comparison with last year. This month, for instance, the paint and varnish industry has settled at 5.6 per cent, compared to 5.9 per cent last year; the timber industry at 5.5, against 4.9; the flat glass industry at 6, against 5; and the hosiery industry at 4.5, against 5. Sometimes deals like these are topped up at plant and company level.

● Decentralisation. Still happening—but some employers now feel it may not be quite the "automatic solution" it was once thought to be. British Steel again avoided any national-level pay rise in new money this year, relying instead on local productivity negotiations. But unions in the water industry managed to retain national-level bargaining even when much of the industry's operations were devolved to regional level. The unions' "success," though, came only after confidential advice was given by the CBI to water employers that decentralisation of pay here was not particularly advisable.

Indeed, some employers suggest that decentralisation is really only effective where companies have a wide product range, strong local management and a wide dispersal of manufacturing units.

The Government, though, is still pushing the trend. In its current White Paper on regional policy, it is seeking views on the idea of regional wage variations, in line with its emphasis on "wage flexibility" as part of the Treasury's input to the National Economic Development Council's exercise on the source of new jobs.

● Long-term pay deals. Once seen as an easy route to pay stability, but less common than expected. British Airways is having difficulty securing a favourable response from all its bargaining groups to common proposals for a two-year, 4 and then 5 per cent deal.

Scottish and Newcastle's ground-breaking three-year deal though, seems to have acted as a focus for other settlements of about 7 per cent this year in the brewing industry.

● Pay comparability. Now covering about 10 per cent of all employees in the economy, comparability — indexation, review bodies, comparisons with outside earnings—continues its resurgence in the public sector. Employers' groups see this process as "mechanistic" since it develops a seemingly unstoppable momentum.

The recession may have wrought permanent changes in employee attitudes to pay

Police and firemen's index-linked increases, at 8.4 and 7.8 per cent respectively, were well in advance of the Government's 3 per cent target for the public services; comparability-based ground rules have been agreed for this year's white-collar Civil Service pay deal, and talks on a longer-term system are well advanced; the nurses' pay review body is — finally — starting its work; and most recently of all, the Government has tentatively indicated to other NHS unions a limited readiness to collect comparability data for them.

● Minimum wage fixing. The rejection by two wages councils of government advice to contain proposed pay increases has heightened official feeling against them.

Employers are being surveyed on their attitude to any suggested abolition of the wages councils, which now cover about 10 per cent of all employees. Early indications are that there is a preference for a package of reforms, including one to increase the flexibility to bargain around a wages council order, rather than abolition of the councils.

Across the country there are, of course, continuing disputes such as the miners' overtime ban over their 5.2 per cent pay offer, and British Shipbuilders' problems in implementing in the yards the productivity deal which nearly provoked a shipbuilding strike. However, overall the stability implied in the trends described above seems likely to continue.

Strikes, for instance, are becoming less common, with about 3.6m days lost last year. A recent survey among company directors showed that only 1.6 per cent thought industrial unrest was likely to be their main concern over the next six months.

The recent union defeats in the Messenger print union dispute, and the BT engineers' campaign against privatisation, are also having a further dampening effect on the union movement.

Even so, recent settlements show that present deals vary quite widely: Esso tanker drivers settling at 4.5 per cent; Shell employees' deals centring on the same level; Metal Box at 5 per cent; and Ford's manual and staff employees at 7.65 per cent.

Others were: a 59-week, 6.5 per cent deal at Kodak, worth 5.75 per cent over 12 months; 4.5 per cent at the Atomic Energy Authority, over 15 months; 7 to 8 per cent at Kwik Save retailing; 3.3 to 3.7 per cent at Lucas Industries; 5 per cent at Vestric; 7 per cent at United Biscuits; 6 per cent at Eagle Star; 5.5 per cent for Tate and Lyle staff; 4.5 per cent for Thomas Cook staff; and 7.5 per cent at Amersham International.

Pay negotiations still to come include workers in the local authorities, the gas, electricity and water utilities, the banks, the building industry and the chemical industry.

What factors will influence these? The Government is considering some recently-compiled research among employers over the last four years, which shows some of the factors which may be significant.

Over the period, the threat of industrial action, direct tax cuts, employee participation and—most embarrassingly for the Government—official statements on the need to hold down pay all seem to have had only a marginal impact.

The dominant factor is still a company's ability to pay. But as the economy has shown signs of improvement, ability to pay and the general influence of the labour market have both become less important. There is now increasing interest in comparability.

Perhaps most important, however, the research suggests that the recession has wrought permanent changes in employee attitudes to pay.

The research also shows that the rate of redundancy, rather than the actual level of unemployment, seems to have been the main influence on union negotiators. Few employers' negotiators seem to believe that wage inflation will return sharply because unemployment is no longer rising.

The catharsis of the rapid rate of redundancies around 1980-81 may have had a lasting effect: the fear of redundancy is still real even if the rate of job losses has slowed.

Similarly, the significant recovery in companies' real profitability has also not weakened the downward pressure on pay.

In theory, then, there seems to have been some measure of permanent change. In practice, the latest evidence from the real world of negotiations is equivocal. Both in local government and in the engineering industry there have been attempts to break the traditional negotiating mould. So far both have foundered.

In both closely watched negotiations there have been radical proposals on pay, which in different ways seemed to be in accord with the mood of the TUC's "new realism."

Britain's 900,000 council manual workers have this year abandoned a large immediate pay rise as the main point of their claim.

Instead, they have been seeking to establish in the longer-term a principle to deal with low pay, and have themselves proposed initiatives — on the staging of increases, on wage restructuring and on moving to cashless pay—which would help fund it.

The employers have failed to meet the challenge, preferring instead last week to offer a straight 3 per cent rise in pay—exactly in line with the Government's target for the public services.

Given this example, another initiative launched last week by health service unions — proposing new working patterns in return for extra money for a salaried structure for Britain's 17,000 ambulance staffs—may well draw a similar answer.

On the other hand, the employers in the engineering industry took the first steps towards a new era of pay bargaining by seeking fundamental changes in working practices, including greatly increased job and bargaining flexibility, in the most far-reaching proposed revision of wage arrangements seen in the industry for 20 years.

What has happened here is that the unions have secured a 5.2 per cent deal on national minimum rates while agreeing to little more than to set up a long-term working party to examine the employers' ideas. This will not even begin its preliminary work until the middle of next month. Already there is criticism in the industry of the employers' negotiators for letting the unions off the hook.

Even so, these types of initiatives, from both sides of the bargaining table, are different from the confrontational pattern of pay negotiating so often seen in the UK. The trend of deals over the next few months will help indicate further whether these—and the other factors influencing settlements — do really mark a permanent shift in attitudes to pay.

Men & Matters

Digging in

In the thick of the legal action over his bid for control of Warner Communications, Rupert Murdoch has taken another job in the U.S.—a directorship at United Technologies, better known as the owner of Pratt and Whitney, Otis Elevators, and Sikorsky Helicopters.

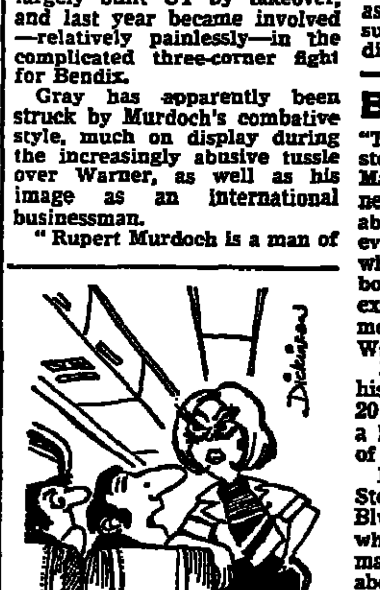
Harry Gray, chairman of UT, is a man who may be able to give the Australian publisher an extra idea or two on takeover strategy. A former executive at Litton Industries, one of the originators of the conglomerate fad, he has largely built UT by takeover, and last year became involved —relatively painlessly—in the complicated three-corner fight for Bendix.

Gray has apparently been struck by Murdoch's combative style, much on display during the increasingly abusive tussle over Warner, as well as his image as an international businessman.

"Rupert Murdoch is a man of action, a builder," says Gray. "He possesses the kind of vision that our rapidly changing world requires of today's business leaders."

Others watching Murdoch's tactics over Warner have a rather different view. More controversy has now arisen over the assignment of three reporters from Murdoch's New York Post to collect evidence on Warner chairman, Steven Ross.

According to the Murdoch camp, they have been working independently of the paper to help in the general campaign against Ross's management of the company. But associates of Ross claim they have been asked for interviews which suggest the reporters are "just digging."



"Er—before we take off, is the captain quite happy with the pension buy-out scheme?"

Book value

"There is no one answer to the stock market," says Donald L. Mack. So he has gone into business in Los Angeles, selling just about every investment strategy ever devised. He has opened what he claims to be the first book store in the world devoted exclusively to books on investments, the stock market and Wall Street.

Mack's business grew out of his own reading. In the past 20 years or so, he has collected a library of 5,000 first editions of books about the market.

His Investment Centre Book Store, at 2124 S. Sepulveda Blvd, West Los Angeles—from which he also runs a catalogue mail order service—contains about half that number of titles, covering every aspect of the market from technical analysis to such arcane influences on investment as astrology, psychology and witchcraft.

Mack believes the golden age of stock market literature was the 1920s to the 1940s—though the books on his list were chosen for their information not their style. "They won't make the college English top 10."

Stock market history is important, he says. "If you are going to be involved in something, study the whole area. If I get one good idea from a book, it is worth it."

Most of his top 10 books were published in the 1920s and 1930s. Best seller, so far, is Reminiscences of a Stock Operator, a 1923 account of the Wall Street operations of Jesse L. Livermore. "The best natural stock trader of all time," says Mack.

Livermore made—and, of course, lost—several fortunes. And eventually shot himself. But his How to Trade in Stocks is still in great demand, says Mack.

Give and take

Mexico's anti-corruption ministry, known more pompously as the General Comptrollership, has been inundated with gifts these past few weeks —not from people trying to bribe its officials but from other government servants handing in presents which the new "honesty code" rules too expensive for them to keep.

In the past, civil servants could expect to be richly showered over the Christmas period with tokens of thanks for public sector contracts, import licences, and generally smoothing the way through the paperwork of Mexico's vast bureaucracy.

But the new code only allows officials to accept presents which are less than 10 times the daily minimum wage, currently 680 pesos (about £3).

President Miguel de la Madrid, anxious to set an example from the top, returned an antique oil painting given to him by the oil workers' union, renowned for its lavish lubrication of the levers of power.

Among the flow of gifts since handed in to the ministry are a refrigerator, a gold watch, cases of wine, a pistol and several bronze busts.

The gifts will be put to good use. Non-perishable goods will be given to the country's national pawnshop, and proceeds from their sale will go into the depleted state coffers.

Golf rabbit

After much heart-searching debate, Volkswagen has decided to drop the name, Rabbit, from its car range in North America. In future, the group will use the same name as in Europe—Golf.

VW argues that it does not make much sense to have two names for the same vehicle. But its competitors will be quick to point out that the decline in Rabbit sales during the past few years could indicate that not too much goodwill will be lost in the change. In 1980, VW produced over 197,000 Rabbits in the U.S. Last year, the total was down to only 85,000.

The chance to switch names comes because work has started at VW's Westmoreland, Pennsylvania, plant to put the new Golf into production for sale in the autumn, about a year after the model made its debut in Europe.

The Rabbit was launched in North America in 1975, at first as an export from West Germany. VW had been selling cars such as the Beetle and the Fox there for some time, and chose another animal name because, to quote a VW executive, "we thought it suited an underdog."

Well oiled

A good dinner is evidently in prospect at London's Grosvenor House hotel on Thursday, when the Institute of Petroleum holds its annual "bash."

Reuters reported at the weekend that traders were ascribing the latest rise in oil prices to their need to cover requirements before the dinner "which takes most market operators away from their offices for several days."

Observer

FOREIGN AFFAIRS: ARMS CONTROL

More than meets the eye

By Ian Davidson

IT WOULD seem that 1984 is getting off to a much better start, in terms of the easing of East-West tensions, than looked at all probable only a month ago.

President Reagan says he wants a constructive dialogue with the Russians; President Andropov says Russia is prepared to talk; and a date has been agreed for the resumption of the Nato-Warsaw Pact negotiations on conventional forces.

Yet this transformation is so abrupt, that it remains exceedingly difficult to see what it adds up to.

It is inconceivable that Ronald Reagan has changed his opinion of the Russians; it is obvious that this attempt to strike a calmer and more business-like note owes much to the imperatives of public relations, though how much is difficult to fathom; it is evident that the Russians cannot fathom it either—they straddle the options with a ferocious denunciation by Andrei Gromyko, followed by a cautious overture from Yuri Andropov.

If we ask ourselves whether these rhetorical gestures really constitute a *new* phase in East-West relations, the answer is that we cannot yet know. If the super-powers are trying out an exploratory mode, it will be some time before the exploration yield any firm indications of the way ahead. It is much too soon to jump to conclusions.

On the other hand, it is not too soon to take a hard look at the whole process of arms control, and what we may expect of it.

During most of last year, and especially in the closing months as Europe gritted its teeth for what appeared the unavoidable ordeal of deployment of the new cruise and Pershing II missiles, all hopes and all fears were inexorably focused on the Euromissile negotations in Geneva.

The Russians have now broken off those negotiations, probably for ever, in that particular forum. Yet they leave an unanswered question. Were the negotiations doomed from the start, because the Russian SS 20s were already being deployed over four years before the new American weapons? Or did the Soviet Union's public relations frenzy over the Nato deployment option indicate an incentive for negotiation at some stage? This question will only be answered in the affirmative in conditions of horrendous complexity for everyone—of which more later.

At all events, we should be aware that the arms control process takes place in several dimensions. First is the dimension of spectacle: as Lawrence Freedman points out, "the Europeans have generally shown far more interest in negotiations as a spectacle, a visible sign of East-West contact, than in the content."* From this perspective, the fact that negotiations are in process, or have been broken off, is at least as important politically as any judgment of the negotiating positions of either side.

The second dimension is that of exploration by the negotiating powers of each other's aims, and of manipulation of the political audience outside. The third, and arguably the least important dimension, is the achievement of an arms control agreement.

This may seem absurdly cynical. After all, there have been some important arms control agreements: the partial test-ban pact, the anti-ballistic missile treaty, the interim SALT I agreement on strategic nuclear weapons, which have proved crucial markers in the arms race.

However, the point is that, in the fluidity of the modern world in which all powers are constantly modernising their force plans and in which technology is shifting the options faster than the negotiators can negotiate, arms control ceases to be an event and becomes a process.

Take the Mutual and Balanced Force Reduction talks on conventional forces, known as MBFR. These started almost exactly 11 years ago, but in terms of agreement on any cutback in the opposing Nato and Warsaw Pact armies have so far produced precisely nothing. To rejoice at their resumption in March calls for great gullibility — unless one believes the process has a value independent of the outcome.

Part of this value is the spectacle dimension: public opinion is reassured. But the fact of negotiation has another value as well: so long as it continues, the Americans are effectively prevented from any large scale unilateral reduction in their troops in Europe. Paradoxically, this may be in Russia's interest, for so long as the GIs stay, there is less danger of the Germans getting restless. There is strong, if circumstantial, evidence that Brezhnev deliberately agreed to the opening of MBFR in order to head off Congressional support for Senator Mansfield's attempts to secure a unilateral U.S. troop out

The global activism of the Reagan administration has given a new twist to the old argument. The instrument for large-scale intervention in the Third World is the Rapid Deployment Force, but its credibility depends on America's ability to strengthen it with units drawn from Europe. If the Russians can use the negotiations in Vienna to limit U.S. freedom of action, they may hope to hobble America's ability to intervene world-wide, while at the same time stabilising the situation in Europe.

Over the decade, some experts have claimed to perceive glacial movement on the Soviet side, though the main stumbling block—disagreement over the scale of the existing Russian superiority — remains whole and intact.

We should not expect that progress will be any more rapid in future—though if Washington started to get much more impatient with the "softness" of its European allies, Moscow might reel out a few more concessions, to keep America tied to the negotiating process. But it is easy to see why some European governments, including Britain, are nervous over U.S. ideas that the West should sidestep the argument over numbers, since that might lead to an agreement which sanctified Soviet superiority, even if at lower levels.

A resuscitation of the Euromissile talks can be ruled out

Whatever the convoluted virtues of the MBFR talks, however, and however welcome it is that they are being resumed, it cannot be denied that they lack a certain excitement. From the point of view of political spectacle, they cannot be a substitute for the awful glitter of the two nuclear weapons negotiations in Geneva, both of which have been, in different degrees, broken off by the Russians.

A resuscitation of the Euromissile talks within any relevant time-frame can be ruled out. The Russians denounced the Nato deployments with such ferocity, and have retaliated with additional missile deployments on their side so quickly, that a return to that particular forum would represent a massive, and therefore implausible climb-down.

The Soviet rupture of the strategic arms reduction talks (Start) was less histrionic, and it is therefore easier to imagine that they may be revived.

First, the Russians may want to get a handle on the Reagan re-armament programme, just in case Congress fails to do so. They may also fear that a Soviet repudiation of the nuclear weapons control process might risk provoking an American repudiation of the associated anti-ballistic missile (ABM) treaty, especially if Washington gets excited by the idea of a space-based missile defence system. Sooner or later, depending a bit on who is or is likely to be in the White House, we should see a resumption of the Start negotiations.

In which case, we should also see a lively debate about the agenda for the negotiations. Ever since the super-powers first embarked on strategic arms talks 15 years ago, the Russians have consistently demanded the inclusion of American forward-based systems (FBS), such as nuclear-capable aircraft based in Britain or on carriers. For although the talks dealt mainly with long-range systems, the Russians argued that the FBS were "strategic" in another sense, in that they could (theoretically) reach Soviet territory.

So if the Start talks are reconvened, it is quite possible that the Russians will try to enlarge the agenda in two ways: either to drag in the British and French nuclear weapons, or to include the intermediate-range super-power weapons that were previously dealt with in the Euromissile talks, or both.

Russia tried to drag the British and French systems into the Euromissile talks, but was resisted on the grounds that these were strategic, not intermediate weapons.

In that case, the Russians can be counted on to argue, they must be included in the strategic weapons talks. They can be counted on to argue it the more forcefully, because Britain and France are both poised for a substantial upgrading and expansion of their nuclear deterrents in terms of warheads. Under an extreme hypothesis, Trident D5 submarine-launched missiles could carry seven times as many independently targetable warheads as Polaris does now.

How this problem will be handled is unclear. The U.S. will certainly reject once again Moscow's long-standing demand for "equal security"—that Russia should have as many nuclear weapons as all its adversaries combined. Yet it is virtually inconceivable that Moscow will agree to deep cuts in the arsenals of the super-powers so long as there *is* no constraint *on* the arsenals of America's European allies.

In reality the numbers hardly matter. Even after a one-third reduction (as proposed by the U.S.), the super-powers would still have *far* more warheads than they would know what to do with. The Russians are bound to make a fuss, partly on because their fuss will spread embarrassment and dissension in the Atlantic Alliance.

The inclusion of Euromissiles in the Start talks would please the European more than the Americans. Those countries which are taking the new Nato weapons, especially Germany and Holland, would be vastly relieved at being able to claim that these Euromissiles were once more on the negotiating table. In numerical terms, it should be easy to argue that the Soviet SS 20s carry more warheads than the planned cruise and Pershing II missiles and from a doctrinal point of view, the inclusion of Euromissiles in strategic arms talks implicitly strengthens the links between the two sides of the Atlantic.

The Americans might be less pleased. The political controversy over Euromissiles led to such intense consultation between Washington and its European allies over the negotiating tactics in Geneva, as almost to constitute (for the first time in Nato's history) joint decision-making.

Jumpy European governments will want similar consultation if Euromissile talks are revived in Start; but the American will fear this as the thin end of the wedge, in which the Europeans will insensibly get a handle on negotiations over U.S. strategic systems.

By walking out of three arms control negotiations, the Russians made a frightful mess of their public relations hand; by agreeing to return to MBFR, they have admitted as much. If they also return to the Start talks, they will have plenty of opportunity *for* the embarrassing the West. "But whatever happens," says a European diplomat, "we can't let procedural problems call the tune. If the door to arms control opens, politics will require that we go through it."

* *in Soviet Strategy Towards Western Europe. Editors Moreton and Segal, George Allen and Unwin.*

Mr Gromyko: prepared to talk?

Lombard

How to improve the EMS

By Samuel Brittan

WHETHER OR not the exchange rate arrangements of the European Monetary System are a good idea in the present stage of the Community, they do exist; and therefore plans for improving their operation deserve a respectful hearing, especially when they come from someone like Professor James Meade, who combines a lifetime of study of the balance of payments with important recent work on the stagflation problem.

Prof Meade's latest suggestions were presented to an EEC seminar in Brussels and are soon to be published in the *Three Banks Review*, where the full theoretical framework will be set out. Briefly, member countries would carry on individually with their efforts to maintain economic activity without runaway inflation. But there would be concerted action in setting interest rates and exchange rates and in official intervention. Target rates of exchange would be established to offset differences in inflation rates; and parity changes would take place through crawling peg adjustments

An institutional system for adjusting exchange rates continuously is so clear an improvement on the present jerky and politically determined step changes that the matter hardly needs further argument.

It would be wrong however, to leave the matter there. For Prof Meade is more ambitious than simply trying to smooth the path of exchange rate movements. He sees exchange rate policy as an important weapon for improving the domestic investment-consumption balance.

Let us suppose that a country's overall demand management is about right, but that this is achieved by means of an expansionary fiscal policy offset by high interest rates; and as a result investment is too low for long-term economic needs (a diagnosis that many would apply to the U.S. today, for instance).

The clear need is for a change in the balance between policy instruments; a tightening of fiscal policy, even if this means raising taxes, and a reduction in interest rates. That much is conventional. Meade's particular emphasis is on the fact that exchange rates are more sensitive to interest rates than is domestic capital formation; and the improvement in investment will result largely from a depreciation of the currency and an associated improvement in the current balance of payments — which counts as investment in national income accounting and actually has as its counterpart the acquisition of overseas assets.

The relevance of this reasoning to the EMS relates both to the internal pattern of exchange rates and the rate between the EMS and the rest of the world. If an individual EMS country felt that its own investment ratio was too low, it would negotiate a depreciation relative to the European Currency Unit and it would have to embark on some domestic fiscal tightening, offset by interest rate relaxation.

My main worry about even a reformed EMS relates to portfolio movements. Schemes such as Meade's take into account capital movements arising from interest rate differentials or the need to bridge the gap before a depreciation can be effective. But how about a general fashion say for the dollar today, or for sterling in 1979-80, related to beliefs about political stability or the security of oil supplies?

Consider a portfolio movement in favour of a particular currency, which threatens to take it to a level far above that justified by international inflation differentials, and at the same time to create a current account deficit, which amounts to national disinvestment, as in the U.S. today. Some reduction of interest rates and increases in tax would clearly be beneficial. But would it be either practical or desirable to reduce interest rates so far as to offset completely the preferences of international holders of funds?

At present this would make me pause before advocating a formal dollar-EMS exchange rate link. But similar portfolio movements could affect Community countries. In particular, sterling is exposed to influences often very different from those affecting EMS members. So although the Meade criteria are of help in determining both internal and external policy, we need to think rather long before embarking on formal exchange rate linkages, such as British membership of the EMS.

Letters to the Editor

Dilemma for UK industrial training

From Dr Michael Cross

Sir,—Alan Pike's documenting of the changes likely to befall the Skillcentre Training Agency of the Manpower Services Commission (January 24) serves to highlight a major dilemma for industrial training in the UK.

At the moment there are economic and technical pressures leading to the identification and meeting of specific (both local and employer) skill and knowledge requirements. This move is supported by the view that skills and knowledge are becoming increasingly employer/application specific. Is this the case?

There is the strong possibility that what is happening is a redefinition of existing jobs leading to a recombination of existing and new skills and knowledge. For example, there are moves to produce a multi-role engineering craftsman in the process industries. This redefinition process is likely to produce in the long term common core skill and knowledge requirements which would provide the base for the "new" engineering craft occupation.

Surely at this stage (assuming an external market for labour continues to operate) there will be pressures to move such common training needs into the public arena for state funding.

One possible implication of this process is that the Skillcentre Training Agency could serve a key strategic role for the MSC's attempts to lead the reform of the training of engineering craftsmen on a task-orientated basis. It is therefore vital that the Skillcentre Training Agency is not privatised because of the need for a means of implementing key strategic training decisions of national importance.

Michael Cross,
Technical Change Centre,
114 Cromwell Road, SW7.

IBA and radio station rentals

From the Director of the Association of Independent Radio Contractors

Sir, — You reported on January 18 the Independent Broadcasting Authority's statement that the new rental pattern for independent local radio stations has the "broad endorsement" of the companies, but this is not strictly true. There are two kinds of increase now confirmed by the IBA: the short-term re-distribution of a relatively small proportion of the total rental yield as at July 1, 1984, which *was* the subject of informal discussion with a number of the companies' representatives; and the much more substantial rises—of which Capital Radio's 20 per cent uplift is only one—being imposed on readvertisement of the franchises held by successful stations.

While the IBA claims that primary rentals still relate, among other factors, to the size and prosperity of each station's area, in truth they now relate much more closely to the level of success particular managements have achieved. Thus, while Director of Radio John Thompson expresses the hope that the reduction in rates for secondary rentals (which are directly related to profits) will spur companies to achieve higher profits, the Authority in fact, is severely penalising success by substantially increasing primary rentals for all the more profitable stations. This is fact and is, in our view, certainly not an incentive.

Members of AIRC are as committed as the Authority to the objective of achieving a uniformly sound and prosperous ILR system—perhaps more so because their jobs depend on it—but we have consistently and forcefully challenged the claim that rental increases of the order of 20 per cent represent "continuing restraint" and will continue to do so.

Brian West.
Regina House.
259-269 Old Marylebone Road, NW1

Franco-Arab arms deal

From Mr J. A. Kornberg, Chairman, Anti-Boycott Co-ordination Committee, British-Israel Chamber of Commerce.

Sir,—Your paper has paid due attention to the news that France has negotiated a £3,000m arms contract with Saudi Arabia, perhaps the biggest single arms deal so far in history.

It is very interesting that France has passed legislation to combat the activities of the Arab Trade Boycott of Israel, yet is able to pull off an arms deal of this kind. British governments have persistently rejected the very idea of legislating against the operations of the Arab Boycott, carried out on British soil. HMG has, moreover, refused to take practical steps to curb these operations.

It might be suspected that British policies are actuated by the desire not to offend the Arabs. But they, the Arabs, have awarded this massive contract to a country which has legislated *against* a basic Arab policy, designed to wreck Israel's economy. Was this the outcome of better French salesmanship? Or did Saudi Arabia's action indicate an underlying disinterest in a boycott which is ineffective, other than to demean countries which give way to it? In that case, HMG could consider curbing all Arab Trade Boycott activity on British soil.

That would entail defending and encouraging the right of British firms to trade with all of Britain's trade-partners. Once upon a time, British policies were anchored in that admirable precept.

The United States, which has even stronger anti-boycott legislation than France, had a positive balance with the Arab world of \$5bn in the first six months of 1983. Demonstrably appeasement does not pay!

J. A. Kornberg.
Information & Trade Centre,
126-134 Baker Street, W1.

Anglo-U.S. air agreement

From Mr Patrick Shovelton, Director-General, General Council of British Shipping

Sir,—Your distinguished air correspondent reports (January 25) that the Americans feel they were "out-negotiated" in 1977. This is nonsense.

Across the negotiating table(s) from me and my colleagues was Alan Boyd, the very able former U.S. Secretary for Transportation, and an expert team of economists, lawyers and airline people. No way were they going to allow themselves to be out-negotiated. Indeed, in the final hours of the critical negotiation, when the U.S. said they had already turned back one of their aircraft in the air on its flight to Heathrow and threatened to stop trans-Atlantic services completely, we on the British side still had a number of unsatisfied "demands"—which we had to put aside.

Both sides were disappointed which is perhaps the mark of a fair package. The U.S. may gripe about some of its provisions, eg capacity control, but, as your correspondent points out, they cannot complain about route exploitation under the Agreement when they have nine airlines operating scheduled services on the Atlantic and we have two. I understand also that in 1983 U.S. airlines had 60 per cent of the traffic and we had only 40 per cent.

Any country which denounces an Air Services Agreement must obviously weigh up carefully the chances of coming off worse under a renegotiation.

W. P. Shovelton,
30-32, St Mary Axe, EC3.

Broadcasting in Gaelic

From the Joint Secretary of the Highlands Society of London.

Sir,—How very encouraging it was to read in Raymond Snoddy's piece (January 24) that the BBC is considering increasing the amount of Gaelic Broadcasting in Scotland. This would be more than welcome, and would fill a long felt need. May I beg the courtesy of your columns to make one or two suggestions, which I hope Alasdair Milne and the BBC may find useful.

First, that the broadcasts should include at least one regular feature for children each week, preferably on television.

Secondly, that the broadcasts should cover a wider range than only news items.

Thirdly, that the disparity in hours between the Islands and the mainland should be reduced.

Agus air dheireadh, Alasdair, a charaid, de mu dheidhinn mionaid no dha Gaidhlig airson nan Gaidheal an Lunnainn?

(And lastly, Alasdair, how about a minute or two of Gaelic for the Highlanders in London?)

Angus Nicol,
5 Paper Buildings, Temple, EC4.

Health and Social Security Bill

From the Chairman of Martin Paterson Associates

Sir,—Mr Lewin's complaint (January 24) about the retrospective effect of the clause in the Health and Social Security Bill banning "franking" (the effect of which is to deprive many early leavers of any benefit whatsoever from contracted-out scheme membership even when they have paid extra for this) raises two interesting questions.

The first is whether the schemes on behalf of which he complains advised their members, at the time they announced their decision to contract-out and explained the advantages of the course proposed, what their intentions were in this respect so that the members had an opportunity to consider whether they were getting such a good deal after all. And the second is why these schemes lack the financial resources to correct this past unfairness, when they have enjoyed the benefit of a reduction in National Insurance contributions supposedly fully sufficient to cover what is now required. Where has the money gone?

M. Paterson,
10 Buckingham Place, SW1.

FINANCIAL TIMES

Monday January 30 1984

Terry Byland on Wall Street

Capital goods find new life

LAST WEEK brought some unhappy moments for Wall Street investors as the stock market struggled to recover from a series of body blows delivered at mid-week when the major investment institutions sold off some blocks of the blue chip issues.

The shakeout left no sector unspared. By Friday, the Dow Jones industrial average had lost 2.9 per cent, while some hefty profit-taking in airline issues had taken 5 per cent off the DJ transport average.

But when last week's falls in stock prices are set against a somewhat wider background, then it begins to look as if some sectors are developing a life, or at least a trend of their own.

After last week's debacle, the Standard & Poor's 400 index has barely gained ground since the end of August – about 0.2 per cent while the DJ industrial average is now a mere 3.9 per cent higher over the same period.

This lacklustre performance is mirrored in individual performances by sectors which led the way forward in the first half of the bull market such as pharmaceuticals or retail merchandising issues, with 3 per cent and 6 per cent gains respectively, according to Barrons Stock Averages.

But the return to investment favour of the much battered capital goods sectors stands out in strong contrast. Since August, the iron and steel stock sector, for example, has gained 22 per cent on average, the building materials and equipment sector 16 per cent and machine tools 11 per cent.

These gains suggest that the stock market is performing its time-honoured function as the herald of economic change rather than simply its recording angel. As the U.S. industrial recovery has taken hold, investors have turned towards stocks likely to benefit from the second phase of recovery, when inventories, factories and heavy equipment will be replaced.

The stock market has succeeded in anticipating this recovery in the capital goods and heavy equipment sectors which has only just begun to appear in the real world of corporate results. Throughout the sector, companies have been cutting workforces, closing uneconomic plants, and improving efficiency.

The current round of quarterly profits statements from industry is bearing out the market's trend, in reports from leading companies of a recovery in demand for capital goods. A fortnight ago, Caterpillar Tractor was able to disclose a sharp rise in sales in the final quarter of last year.

The New York investment management firm of Smilen and Safian has constructed sector averages for capital investment issues – referred to as Derived Demand Average – and for consumer-related, or Primary Demand, stocks.

Smilen and Safian's Derived Demand average is currently within 1.2 per cent of its peak, despite last week's selling, while the Primary Demand Average is about 11 per cent off.

The Derived Demand Average takes in such key capital investment stocks as Cincinnati Milacron, the largest U.S. machine tool manufacturer. This company has been in deficit since the September quarter of 1982 but has reported signs of recovery, particularly in its plastic robots division.

Ingersoll-Rand, another component of the Derived Demand Average, also has a list of quarterly losses behind it but has seen a recovery in sales to the construction industry. One source of strength of capital investment stocks has been a rise of 1.4 per cent in federal and state expenditure on structures in the third quarter of 1981, the first increase for four years.

Koppers, the Pittsburgh manufacturer of coke ovens, blast furnaces and other steel industry equipment, is another capital goods stock likely to benefit from an upturn in industrial investment. With a happier earnings record behind it than much of the sector, it is likely to benefit from its wide range of industrial involvement. The stock has already gained 10 per cent since the end of August and has been helped by improvements in orders and order backlogs.

If, as seems probable, the recovery in profits in the capital goods sector is still in its early days, then the prospects for further advances in stock prices are substantial. The coolness with which the market has received the early batch of results for 1983 may indicate that higher earnings and sales from the consumer-oriented sectors have been well discounted. If an earnings driven market is still in prospect, the drive will have to come from the capital goods sector.

Chrysler U.S. confirms Mitsubishi venture plan

BY TERRY DODSWORTH IN NEW YORK

MR LEE Iacocca, Chairman of Chrysler U.S., has confirmed that the company is planning a joint small car manufacturing project with Mitsubishi of Japan.

He refused to put a date on any transaction, or indicate where a new joint car might be built in the U.S., but said that the meetings with Mitsubishi executives in Detroit last week had been "very productive." The two companies would continue to meet regularly.

It is thought Chrysler is planning to collaborate with Mitsubishi in which it has a 15 per cent stake to produce a replacement for its Omni range, launched in the late 1970s after development by its then French subsidiary. Following the sale of Chrysler Europe to Peugeot, the company was originally aiming to continue to draw on the French group for small car technology, but these links were abandoned when both companies ran into financial difficulties.

The co-operative venture has been under consideration since Chrysler's financial problems started in 1979. But the U.S. group has also talked to a variety of other possible overseas partners, notably Volkswagen of West Germany, and has frequently suggested that it might try to continue its car development programmes without outside collaboration.

Although Chrysler has argued that it is now financially strong enough to generate the funds for its new car projects, most U.S. analysts believe it will need a partner for at least some of its next generation of models.

Collaboration will become even more urgent if the planned joint manufacturing venture between General Motors and Toyota in Fremont, California, goes ahead. This project would give GM access to 200,000 small cars a year, while improving its own small car technology and limiting its investment costs to only about half of what would be normally required.

Chrysler has only recently launched a court action against the GM-Toyota venture, on the grounds that it violates anti-trust regulations by bringing together the two largest manufacturers of popular cars in the world. But the Federal Trade Commission has already approved the project.

Mr Iacocca, one of the most combative executives in U.S. industry, launched a vitriolic attack on Mr Henry Ford, the former chairman of Ford who sacked Mr Iacocca from the Ford corporation six years ago, in a TV programme at the weekend. Chrysler has been put under additional pressure by Ford's announcement that it will collaborate with Toyo Kogyo of Japan in making a small car in Mexico for export to the U.S.

The talks with Mitsubishi, Japan's fifth largest vehicle producer, come when the company may be anxious to move into U.S. production with a car of its own design. Its independent distribution effort in the U.S. has been severely restricted by the recent allocations under the quota system now operating

Ministers press U.S. for cut in budget deficit

By Jonathan Carr in Davos

THE U.S. has again come under high-level pressure to cut its budget deficit and encourage lower interest rates to help ease the plight of the indebted developing countries.

The action came during nine hours of informal talks in Davos at the weekend between ministers and other senior representatives from a score of developed and developing nations.

M Raymond Barre, the former French Prime Minister, said afterwards most participants felt the U.S. deficit was one factor threatening the process of financial adjustment in the developing world.

The meeting had adopted a "wait-and-see" attitude to President Ronald Reagan's proposal last week that the budget deficit might be cut by about $100bn in the three fiscal years 1985–87. "We have heard similar statements of intentions before," M Barre noted.

The private talks between world leaders have become a regular feature on the sideline of the annual businessmen's symposium organised in Davos by the European Management Forum.

Among those attending the talks this year were representatives from Canada, West Germany, Japan, Britain, Brazil and Mexico.

UK to help top up World Bank loan fund for poorer countries

BY PHILIP STEPHENS IN LONDON

BRITAIN HAS given its backing to a renewed effort by the International Development Association (IDA) to boost the resources it can lend to the world's poorest nations in the next three years.

In its talks with a senior IDA official last week the UK Government indicated that it was willing to pay into a new $3bn financing facility sought by the World Bank's soft loan agency.

The funds are needed because of the U.S. refusal earlier this month to contribute to more than a $9bn replenishment of IDA resources for the three years beginning in July.

The replenishment was $3bn short of the figure sought by all the donor countries except the U.S., but was agreed after the U.S. Administration insisted that its 25 per cent share of the overall amount be kept to $2.25bn.

Possibilities of a supplementary fund were canvassed, but there were objections by several governments to changes in the "burden-sharing" among donors needed to cover the shortfall from the U.S.

There were also differences over the procurement policies for projects financed by a parallel fund, and over the geographical distribution of the payments.

The latest effort by the IDA, which has been the subject of bilateral talks in several European capitals, appears to be focusing on getting donors to pay into the $3bn fund on the basis of the existing distribution of contributions.

Many countries had set aside this money in their national budgets before the U.S. blocked the $12bn figure, and the IDA is anxious that it is not now re-allocated to other spending programmes.

If the other 32 donors could be persuaded to contribute, renewed pressure could be put on the U.S. – perhaps after the presidential elections – to bridge the 25 per cent "gap" that would be left.

British Government support for the IDA's strategy was given in the House of Commons in London last Friday by Mr Timothy Raison, the Foreign Office minister responsible for aid policy.

Mr Raison said Britain would be prepared to contribute to supplementary funding, subject to negotiation of satisfactory arrangements with other donors, and on the basis of the "traditional equitable burden-sharing."

He did not, however, make additional British cash explicitly conditional on U.S. participation in the financing. On the basis of Britain's 6.5 per cent share of the agreed replenishment, it would be expected to pay $195m into any new fund.

Recovery for Texas Instruments

BY PAUL TAYLOR IN NEW YORK

TEXAS Instruments (TI), the Dallas-based electronics group which pulled out of the home computer market in October after reporting heavy losses in the first nine months, said its net earnings, spurred by semiconductor sales, jumped 82 per cent in the fourth quarter.

TI said record semiconductor shipments and orders in the latest quarter helped it post net earnings of $77.5m, or $3.23 a share, in the 1982 period. Revenues increased by 18 per cent to $1.3bn from $1.1bn.

The company also announced that Mr Mark Shepherd, chairman and chief executive, had named Mr Fred Bucy, currently president and chief operating officer, to succeed him as chief executive in April. Mr Shepherd, aged 61, will remain chairman and become chief corporate officer – a job in which he will concentrate on policy and long-term strategic planning.

The dramatic fourth-quarter improvement, however, was not enough to offset losses earlier in the year before its decision to pull out of the troubled home computer market. The company said it lost $145.4m in the full year compared with a net profit of $144m, or $6.10 a share, in 1982. Revenues increased from $4.3bn to $4.6bn.

The company announced its decision to pull out of home computers when it reported its third-quarter earnings. It said its total losses from the home computer business last year were $660m.

Fourth-quarter earnings were bolstered by a $11m gain, or 48 cents a share, from better sales than expected of home computers and software that had previously been written off.

The company said that excluding its consumer electronics business profits would have climbed 73 per cent in 1983 over 1982. TI said its order backlog at the end of the year increased to $2.8bn from $2.6bn a year earlier.

Nippon Electric eyes new UK plant

BY JASON CRISP IN TOKYO

NIPPON Electric Corporation (NEC), one of Japan's largest electronics groups, plans to build a new plant in the UK to make telecommunications and office automation equipment.

NEC already has a large factory in Livingston, Scotland, making microchips. The plan to establish a second factory indicates NEC wants to become a leading force in the recently liberalised British telecommunications equipment market.

Competition in the UK is likely to become increasingly fierce as U.S. and Japanese companies enter the market. NEC is the largest telecommunications manufacturer in Japan and is now an important supplier in the U.S. A number of North American suppliers have already announced they will compete in the UK including Northern Telecom, GTE, Mitel and TIE/Communications.

NEC has not decided on the plant but is almost certain to go ahead.

NEC has recently been particularly aggressive in the U.S., where it has been gaining market share. NEC has the largest market share after the leading North American suppliers AT & T, Northern Telecom, Rolm, General Telephone and Electronics (GTE) and Mitel.

NEC supplies equipment to be used on customers' premises, to five of the seven new Bell regional companies which were formed after AT & T was split up at the end of last year.

NEC has a joint venture with Ansafone in the UK to sell key-systems, electronic versions of "key and lamp" systems used in small offices. NEC is now considering making PABXs, mobile telephones, computer terminal equipment and possibly small business computers in the UK, according to Mr Shozo Shimizu, senior vice-president responsible for international operations.

NEC has substantially increased its overseas manufacturing in recent years and now has eight plants in the U.S., including three making telecommunications equipment from main public exchanges to key systems. In Europe, NEC has a small plant making semiconductors in Ireland and a substantial facility in Scotland.

The Scottish plant started production in October 1982 and was opened by the Queen last July. The plant makes 64k dynamic RAMs, the leading type of memory microchip, and a smaller quantity of microprocessors.

One factor in NEC's decision to extend manufacturing in Britain has been the satisfactory level of productivity at the Scottish plant.

BA expects £180m profit in full year

Continued from Page 1

its attitude to the independent airlines, headed by British Caledonian, remains one of fierce competition wherever and whenever it can compete. BA will make clear that while the independents have always insisted on the right to compete, they cannot now complain if BA is itself competing more formidably as a result of its stronger financial position.

Moreover, in BA's view, the independent airlines should not be allowed to use the impending privatisation of British Airways as an excuse to seek some protection from that fiercer competition by being allowed to take over some of the state airline's assets.

Lynton McLain in London adds: BA is also hoping for an operating profit of more than £250m for the year to the end of March, compared with £190m in 1982–83 and £13m in 1981–82, before interest and tax.

The scale of the forecast operating profit this year signals the likely first payment to staff under BA's proposed profit-sharing scheme.

Renault admits loss on coffee

Continued from Page 1

making instant coffee by a man who has since disappeared.

Le Point alleges that the man had several criminal convictions of which Renault were unaware when they purchased the process from him.

Renault's misadventure with coffee goes back to 1974 when the group wanted to unload a stock of coffee it had accepted from Colombia in compensation for cars sold to the country. Following an approach from the inventor, the company bought his process for instant coffee manufacture and invested in two factories in Belgium and Sardinia.

The factories never went into production. Renault said yesterday that they withdrew from the business in 1977 after the price of coffee tumbled on the world market.

Renault lost FFr 578m on the transaction, Le Point reported. The company did not confirm that figure.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	13	55	Dubrovnik	R	11	52	Malaga	S	13	55	Salzburg	S	6	43
Akrotiri	S	17	63	Faro	S	13	55	Malta	F	15	59	Seoul	C	-3	27
Algiers	C	12	54	Florence	F	8	46	Manila	F	31	88	Singapore	R	25	77
Amsterdam	C	4	39	Frankfurt	R	6	43	Miami	F	26	79	Stockholm	Sn	-1	30
Athens	S	13	55	Funchal	C	15	59	Milan	Fg	2	36	Strasbourg	C	4	39
Bahrain	S	16	61	Geneva	F	4	39	Moscow	S	-8	18	Sydney	C	23	73
Bangkok	C	34	93	Gibraltar	F	14	57	Munich	S	6	43	Taipei	C	18	66
Barcelona	S	12	54	Guernsey	S	9	48	Nairobi	S	28	82	Tangier	S	14	57
Beirut	F	15	59	Helsinki	Sn	-5	23	Naples	C	10	50	Tehran	—	—	—
Belgrade	R	5	41	H Kong	F	18	64	New Delhi	F	21	70	Tel Aviv	C	16	81
Berlin	C	4	39	Innsbruck	S	4	39	New York	C	3	37	Tenerife	F	17	63
Biarritz	F	10	50	Inverness	F	6	43	Nice	S	12	54	Tokyo	C	6	43
Blackpool	S	6	43	Istanbul	C	5	41	Oporto	C	12	54	Toronto	C	1	34
Bordeaux	C	9	48	Jersey	S	9	48	Oslo	Sn	-2	28	Tunis	S	16	61
Brussels	R	5	41	Jo'burg	F	27	81	Paris	C	8	46	Valencia	F	12	54
Budapest	Sn	1	34	Las Palmas	C	18	64	Prague	S	2	36	Venice	C	4	39
B Aires	R	35	95	Lima	F	25	78	Reykjavik	S	-1	30	Vienna	Sn	-1	30
Cairo	F	19	66	Lisbon	Fg	9	48	Rio de J'o	—	—	—	Warsaw	C	0	32
Cape Town	S	24	75	Locarno	S	1	34	Rome	S	14	57	Zurich	F	2	36
Caracas	F	29	84	London	C	9	48								
Casablanca	S	13	55	Los Angeles	F	29	84								
Copenhagen	C	2	36	Luxembourg	Sl	1	34								
Corfu	S	13	55	Madrid	F	5	41								
Dublin	S	6	43	Majorca	S	14	57								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Kohl's visit to Israel

Continued from Page 1

The Chancellor, however, said no increase was possible because of German budget cuts.

He was more forthcoming with regard to Israel's concern over the blow which its agricultural exports are expected to suffer when Spain and Portugal join the EEC.

Herr Kohl said that he would personally undertake to ensure that the vital interests of Israel would be taken into account over the Spanish and Portuguese accessions. He referred to the possibility of creating "a corridor" to help Israeli exports, but declined to go into detail

Nigeria's trade debt accord

Continued from Page 1

held in February, probably after the forthcoming talks between Nigeria and the International Monetary Fund, scheduled for February 15.

Nigeria is seeking to negotiate loans from the IMF that might total more than $3bn, although talks have been delayed because of disagreement over devaluation of the Naira, and the New Year's Eve military coup in Lagos.

Meanwhile, Chase Manhattan Bank has been appointed by the Nigerian Government to reconcile the exact amount of trade payments outstanding.

THE LEX COLUMN

The short cut to long-term oil

It is an ill wind that blows no good and the Arctic blizzards sweeping both sides of the Atlantic this winter have at least been good news for oil stocks in London and New York. The cold weather, though, has not been the only buy story in the market.

The recent spate of takeover activity in the sector has strengthened the idea that companies in search of additional reserves might do better to buy them from others than set off in search of new fields. The consequences of this in the UK's less mature market are different from those in the U.S.

The "cheaper to buy than find" argument has probably not made that big a direct contribution to the gradual recovery of oil shares on Wall Street, relative to the rest of the market.

The accumulation of reserves through the stock market has certain obvious advantages – even the most disastrous takeover would be unlikely to swallow up $1.5bn with quite the same finality as the Beaufort Sea. But Wall Street has at least two good reasons to restrain its speculative instincts, even leaving aside anti-trust complications.

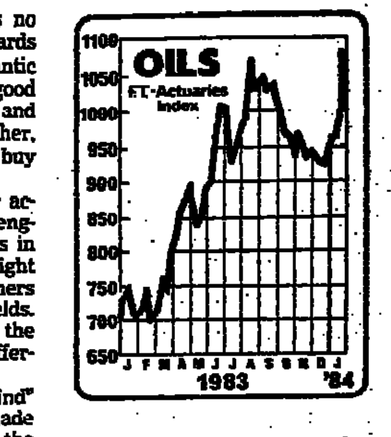
Oil shares in the U.S. market today are typically valuing companies' reserves according to First Boston Corporation at somewhere between $5 and $10 per barrel (pb). The average cost of finding and developing oil in the U.S. – less than $1pb between 1948 and 1965 – has fallen from its 1980 peak of about $13pb but is still about $10pb.

Oil men regard it as a vulgar error, however, to conclude from this that stock market costs are self-evidently lower. Few exploration companies in the U.S. set out to find oil capable of development at an average cost. They aim to do better, achieving perhaps $3pb-$5pb or even less, to justify the risks of exploration.

Acreage

Above all, however, Wall Street's role as a source of reserves is reduced by the existence in the U.S. of a sophisticated and very active secondary market in the underlying assets themselves. Companies seeking to buy reserves of perhaps 1m-20m barrels can bid directly for the appropriate acreage, free in most cases of any specific tax or regulatory complications.

They will almost certainly have to pay a slightly more fancy price than the $4pb ticket commonly ascribed to the Getty and Shell Oil terms. It is a seller's market at present. But they will stay clear of all



the management and balance sheet uncertainties of a corporate takeover – and benefit from the existence of several widely acknowledged independent valuation authorities.

One of the most widely quoted is John S. Herold Inc., whose Oil Industry Comparative Appraisals are based on published figures for developed and undeveloped reserves, the latter requiring a 90 per cent level of certainty as compared with the 50/50 rating of "proven reserves" in the North Sea.

Each Herold client pays his money and takes his choice between 10, 15 and 20 per cent discount rates for future cash flow, but the generally quoted Herold value currently assumes 15 per cent.

The value of a developed field is based on a full production schedule, assuming the existing reserves/production ratio. Herold works out how long it will be worthwhile producing oil from the field and allocates estimated costs to each of the intervening years on the basis of a steady escalation. Revenues are calculated using today's selling prices for the next two years and a steady rise thereafter, to a maximum of $75pb in 2000, for crude from the U.S. and the North Sea.

Herold adjusts the resulting value in various ways. Debt is deducted using current balance sheet figures, other producing assets are valued as multiples of their current profit, for example using multiples of 4–6 for refineries and about 10 for coal fields. Values are assigned to undeveloped acreage according to Herold's own assessment of the region, the prevailing market and its own judgment.

After its 34 years in the business, this judgment seems to be fairly generally respected. The Herold values of $5.82pb and $5.57pb for the U.S. oil reserves of Getty Oil and Shell Oil respectively, for example, have been widely quoted. But on the basis of its calculations, the company today regards $8pb as an approximate value typical of most U.S. oil reserves – the figure, incidentally, attributed to Sohio's non-Prudhoe Bay reserves in the U.S. (Prudhoe Bay barrels come at $5.41 each).

Such independent valuations as these provide a working basis for the buying and selling of oilfields in the U.S. How very different is all this from the home life of the British oil industry. The UK secondary market – the farming in and out of sites on the continental shelf – can draw on no comparable scheme of asset valuation and has, anyway, been stifled for all but the biggest competitors by the complexity and uncertainties of dealing with the Department of Energy.

Scramble

The tender sale of the Forties units effectively removed this constraint for a short interval, since BP was the seller. But the scramble is now on for additional reserves. This has been prompted by the last budget's tax allowances and by the outcome of the BP sale itself, which has left many buyers obliged to seek new drilling opportunities to match against their new level of taxable cash flow.

Prospective bidders are having to seek new acreage via company takeovers, at least until the ninth round of licensing approaches in the spring.

The effect on UK oil shares has been dramatic, especially in the last fortnight. Shares which a year ago were still trading at discounts of 10–15 per cent, even where hopes were high for a North Sea find, are now in most cases at a premium to their published tangible net assets per share, and the premium has recently doubled for some – such as Charterhouse and Sovereign.

Much of the City of London's comment and analysis of the North Sea oil sector remains preoccupied with the size of the premium or discount to underlying asset value which is represented by a company's share price. The management record, the drilling prospects and current performance and so on are scrutinised in this light, with one eye increasingly on bid possibilities.

But as the market in the shares heats up, more attention is perhaps going to have to be focused on the validity of the underlying asset value itself. A valuation of 14 exploration companies on a consistent basis is to be published by Wood Mackenzie next month, and will be timely in this respect.

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES
Monday January 30 1984

Banks gloomy as borrowers opt for floating rate notes

BY OUR EUROMARKETS CORRESPONDENT

GLOOM over new business prospects in the syndicated loan market deepened last week as two more borrowers – Spain and Italy's state railways – were snatched away by the buoyant floating rate note market.

Both borrowers might have been expected to tap the Eurocredit market, but floating rate notes are cheaper and still easy to place even for relatively long maturities so that the liquid bank credit market still seems as far off as ever from winning large deals from good quality names.

One rather uncomfortable outcome of this could be that the Eurocredit market will be left doing business with names that do not quite fit in the bond market. A case in point is the Bank of Greece which is just starting to sound out banks on a loan of at least $400m.

According to OECD estimates, Greece had a balance of payments deficit of about $2bn last year and it has become a heavy borrower relative to its size. As a result, some banks find they have little room left in their balance sheets for new Greek business.

This means it would hardly qualify for a floating rate note and could even find the going tougher in the syndicated loan market than it did last year, even though margins elsewhere have been falling.

A consensus view in the banking community on Friday was that this time Greece may have to offer a margin over the expensive U.S. prime rate to get its deal away. The last Greek loan, a $290m package for the Public Power Corporation, offered no prime margin and a margin of ⅝ per cent over Eurodollars for four years rising to ¾ per cent for the next three.

Setting an appropriate Libor margin for the new deal will be a delicate exercise. On the one hand other borrowers have obtained better terms since then; on the other the Public Power loan was slow to sell.

With the volume of large sovereign credits dwindling, the Eurocredit market is also looking more closely at opportunities in the corporate sector. This in turn means a greater emphasis on some of the speciality sectors of the market in a broader range of currencies.

The Ecu 250m deal now being assembled for ENI is one example of this; but so is a £50m to £75m, four-year sterling acceptance facility for Michelin, the French tyre maker. Led by S. G. Warburg and Banque Paribas the facility bears a commission of ⅜ per cent and fees of ⅛.

The same banks are leading a £35m medium-term acceptance facility for Airbus Industrie with a commission of 0.3 per cent, while S. G. Warburg alone is leading a £25m, four-year facility for Royal Dutch Steel at a commission of ½ per cent.

Brazil's commercial bank creditors, meanwhile, signed as expected their $6.5bn loan and rescheduling package for 1984 on Friday. This should keep Brazil solvent through the rest of this year, and one quick effect will be the elimination of arrears on its commercial bank debt.

The Brazilian package has been a major hurdle for the banking system and senior bankers hope that its completion will pave the way for progress with debt problems of other countries. One immediate issue is now the $3.8bn loan for Mexico, replies to which were supposed to have been submitted by Friday.

By late last week, however, only just over $1bn had been received. This is not worrying leading banks, particularly as replies are still flowing in. It will take until the middle of this week to gauge the market response to the loan, which is particularly sensitive because Mexico has won much more generous conditions from commercial bank lenders than on its $5bn loan last year.

Fixed rate issues slow down

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

A WIDE divergence emerged in the bond markets last week between the floating rate note sector and the market in fixed rate dollar bonds.

While issues of floating rate notes continued to run apace, totalling $700m for the week as a whole, new business in fixed rate bonds slowed to a trickle. Only one conventional bond was launched last week – the $100m 12 per cent issue for Security Pacific. But there was a $30m equity linked issue for Kayaba Industry, as well as a $60m convertible bond for Ono Pharmaceuticals.

Nor were there any signs of the indigestion in the FRN market that usually accompanies a burst of new issue activity in the fixed rate bonds. Margins on floating rate notes have been steadily shrinking to the point where Sanwa International Finance's $150m issue launched on Tuesday actually bears no margin over London Eurodollar rates at all. Yet on Friday it was trading at a discount of around 80 points, well within the total commission of 1 per cent.

BHF Bank bond average		
Jan 27		Previous
98.503		98.489
High	1983-84	Low
102.017		97.699

Its performance rather took the wind out of the sails of those who had criticised the $500m issue for Denmark of 10 days ago as being too tight with its margin of ³⁄₁₆ per cent. What appears to be happening in the floating rate note market is akin to the boom years of syndicated credits with issues being offered on seemingly absurd terms that quickly become the market norm or even above it.

The secondary market price of the Danish issue has been distorted by the fact that at least in the initial stages Salomon supported the notes in the market. Last week, however, they edged a little higher to trade at a discount of only 0.325 per cent compared with 0.5 per cent a week earlier.

A further example of the market's buoyancy came with Friday's issue for Spain, which was won by Credit Suisse First Boston in a demonstration of its resilience after the 10 defections from its staff on Monday. The Spanish issue bears a margin of only ⅛ per cent, but it was almost immediately increased to $250m from $200m and still traded at a discount of about 0.8 per cent, well within the total commission of 1¼ per cent.

How can floating rate notes trade so successfully when margins and fees are gradually being trimmed to the bone? One reason is that investors have grown to respect their liquidity and trade them as if they were money market instruments.

In addition, the dearth of business in the syndicated loan market means that large banks which have absorbed much of the paper have a lot of spare cash to invest.

At the same time issue managers can afford to accept lower fees in return for volume and the lower risk of capital losses in the floating rate note market compared with fixed rate bonds.

The big question is how long this present situation will last. While some bankers talk of the bubble bursting, others see the floating rate note market as going from strength to strength.

Secondary market trading of fixed rate issues stagnated last week, partly because of uncertainty over the U.S. Treasury's funding requirements due to be announced this week and partly because short-term interest rates have flattened out. This means that the market is still being very slow to digest the large volume of fixed rate issues launched earlier this month.

ECU BONDS

Intrinsic stability the key to success

BY PAUL CHEESERIGHT IN BRUSSELS

THE MOST conspicious issue on the Eurobond markets last year was undoubtedly the European Currency Unit, the Ecu. In an analysis of the market, Kredietbank observes that the Ecu has stepped up its share of the market, from 1.5 per cent in 1982 to 3.5 per cent.

The movement came against a decline in the number of issues quoted in dollars, although the dollar remained by far the most important currency in use. At the same time, the D-mark strengthened its position and Eurosterling made a recovery.

In 1981, the first year that Ecu bonds were available, there were five issues with a total value of Ecu 190m. In 1982, 17 issues were floated at a value of Ecu 712m. And last year there were 33 issues with proceeds of Ecu 2bn.

Kredietbank attributes the success of the Ecu to three factors: "Official backing from the European Community, the active involvement of a number of banks and its intrinsic stability, the latter course being the most important as it appeals to investors and borrowers alike."

The support of the European Community has been evident in the activity of the European Investment Bank, the Community's major lending institution. The EIB noted in its latest annual report a marked increase in Ecu borrowing. It rose last year to Ecu 230m, or 6.4 per cent of its total borrowing. In 1982 the EIB launched three Ecu issues for Ecu 112m, thereby, as it put it, "promoting use of the Community's currency unit."

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Nissho Iwai ¶‡	78	1989	5	6½	100	Nomura Intl., Baring Bros., Deutsche, Mgn. Stanley, Yamaichi Intl.	6.500
Kayaba Ind. ¶	30	1989	5	6½	*	Yamaichi Intl.	*
Sanwa Intl. Fin. †‡	150	1992	8	0	100	CSFB, Sanwa Bank Intl., Mgn. Stanley, Baring Bros.	–
Security Pacific ‡	100	1992	8	12	100	CFB, SG Warburg	12.000
Ono Pharm. §	60	1998	15	3¾	100	Nikko Secs.	*
Ferrovie dello Stato †‡	250	1999	15	¼	100	Lehman Bros.	–
Union Bk of Norway †‡	50	1999	15	⅛	100	Nomura Intl., CSFB	–
Spain †‡	250	1997	13	⅛	100	CSFB	–
CANADIAN DOLLARS							
Can. Occidental Petr. ‡	50	1989	15	12⅜	99½	Orion Royal, Hambros, Burns Fry, Bache Halsey	12.450
D-MARK							
Degussa ‡	100	1994	10	7½	99½	Dresdner Bank	7.573
IADB **‡	100	1991	7	8½	100	DG Bank	8.500
SWISS FRANCS							
Makino Milling **§‡	50	1989	–	2	100	Banca del Gottardo	2.000
Chugoku Marine Paints **§‡	15	1989	–	1⅞	100	Citicorp Bk (Switz)	1.875
Tohoku Elec Power ‡	100	1992	–	5¾	100	UBS	5.750
World Bank‡	200	1994	–	5¾	99½	CS	5.817
Nitto Boseki **§	60	1989	–	*	*	Banca del Gottardo	*
SWISS FRANCS							
Finland ‡	100	1994	–	5¾	99½	SBC	5.817
Nippon Suisan **§	60	1989	–	2⅜	100	CS	*
Mizuno Corpn. **§	25	1989	–	2¼	100	SBC	*
Korea Devt. Bk. **‡	50	1988	–	7	100	CS	7.000
Tokai Gas **§‡	20	1989	–	2⅛	100	Swiss Volksbank	2.115
Sumitomo Bakelite **§	50	1989	–	2¼	100	SBC	*
Cofiroute	60	1994	–	7	*	Paribas (Suisse)	*
Amada Co. **§	100	1989	–	2⅛	100	UBS	*
First City Fin. Corp. ‖	75ϕ	1994	–	8¾	*	Soditic	*
STERLING							
Citicorp Ovs. Fin. †‡ (b)	100	1991	7	0	100	SG Warburg, Citicorp Intl.	–
GUILDERS							
Bk. Mees & Hope **‡	100	1989	5	8¼	100	Bk. Mees & Hope	8.250
ECUs							
Bk of Tokyo ‡	40	1991	7	10⅞	100	Kredietbank Intl., Bk. of Tokyo Intl.	10.875
YEN							
CNT ‡	20bn	1994	9	7.6	99.95	Daiwa Secs.	7.725
Korea Exim Bank **‡	5bn	1991	6.4	8.4	99.90	Yamaichi Secs.	8.596

* Not yet priced. ‡ Final terms. ** Placement. § Convertible. † Floating rate note: coupon is spread over 6-month Libor. (b) Spread over 3-month Libor. ¶ With warrants. ‖ Dual currency issue repayable in dollars. ϕ Minimum.
Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Trading settles back into another acutely uncertain phase

THE FED'S policy making Federal Open Market Committee (FOMC) meets today and tomorrow in, arguably, its most important session of the year.

It is expected to concentrate on three specific issues: the 1984 monetary growth targets which Mr Paul Volcker, the Fed's chairman, will deliver to Congress next week; the impact of the introduction of Cotemporaneous Reserve Requirements (CRR) beginning Wednesday; and the Fed's immediate monetary posture.

The committee is widely expected to adopt formally the 1984 growth targets it provisionally set last July. These call for a target range for M1 of between 4 and 8 per cent this year, a one percentage point reduction over the 1983 target, and a half percentage point reduction in the M2 and M3 target ranges to between 6.5 per cent and 9.5 per cent from M2 and between 6 per cent and 9 per cent for M3.

U.S. INTEREST RATES (%)

	Week to Jan 27	Week to Jan 20
Fed funds weekly average	9.53	9.54
3-month CDs	9.30	9.40
3-month T-bills	8.88	8.95
30-year Treasury bond	11.68	11.63
AAA Utility	12.63	12.63
AA Industrial	12.38	12.38

Source: Salomon Bros (estimates). In the week ended January 18 M1 fell by $2.7bn to $523.6bn.

With the introduction of CRR—which represents a major change in the way banks are required to account under Fed reserve requirements — the FOMC is expected to stress caution and flexibility. From Wall Street's point of view the only real uncertainty is the FOMC's attitude towards the economy and short-term Fed policy.

Wall Street remains sharply divided on this issue—and on the longer term prospects. Some senior economists contend that the Fed has already eased marginally—a view apparently shared by Mr Donald Regan, the Treasury Secretary — and believe this will be reinforced by the now recognisable economic slowdown and the recent performance of the monetary aggregates.

In contrast others, including Dr Henry Kaufman (who last week reiterated his prediction that interest rates will gradually rise throughout the year) believe there is little immediate prospect of the Fed easing.

In fact, after an initial spurt at the start of the year, trading in the U.S. credit markets has settled back into another acutely uncertain phase. This, doubtless, will be reinforced on Wednesday when the Treasury announces details of the February refunding which is expected to total about $16bn in three, 10 and 30 year securities for sale next week.

The market will also be watching the clutch of economic statistics due out this week including the December index of leading economic indicators (due out tomorrow), factory orders (Wednesday) and the January unemployment numbers (Friday).

Last week saw little activity in the Government market until late on Friday when the larger than expected $2.7bn decline in M1—which leaves the aggregate just $900m above the bottom of its provisional 1984 range—was announced. By the close, the Treasury long bond had made up earlier losses to close at 102¾ to yield 10.70 per cent

In the money markets interest rates were generally lower, the funds rate continued to trade around the 9.5 per cent level but Treasury bill rates declined by between five and 13 basis points with the three month T-bill rate closing 10 basis points lower on the week at 9.88 per cent.

In the corporate sector, new issue volume continues to be strong. Last week new issue volume totalled $1.14bn bringing the total so far this year to $5.37bn, a 77 per cent increase over the same period last year.

Financial corporations continue to dominate the new issue market. Among the new issues last week Security Pacific and BankAmerica both tapped the markets. Security Pacific raised $200m with an issue of 4-year notes bearing an 11¾ per cent coupon and priced at par, while BankAmerica raised $200m with an issue of three-year extendable notes priced to yield 11¾ per cent.

Paul Taylor

Canadian paper group has improved final quarter

BY ROBERT GIBBENS IN MONTREAL

STRENGTH in the packaging subsidiaries and a better performance in pulp and paper helped Consolidate-Bathurst in the fourth quarter of 1983. Net operating profit was C$17.4m (U.S.$13.9m) or 66 cents a share against C$8.8m or 31 cents a year earlier on sales of C$350m, unchanged.

Full-year operating net profit was C$43m or C$1.44 a share against C$53.4m or C$2.20 year earlier, on sales of C$1.39bn against C$1.42bn. Earnings exclude a writedown of C$9.7m in the value of CB's investment in Sulpetro, the Western Oil and Gas development company, due to dilution stemming from restructuring, of Sulpetro's bank debt.

Nearly half the year's earnings came from North American packaging interests, especially Domglas and Twinpak, which benefited from the consumer-led recovery. These interests have been placed in a new holding company CB Pak and earned C$21.6m on sales of nearly C$400m last year.

Consolidated is spinning off its minority interest in CB Pak, both from its own holdings and by issuing new treasury to the public. It will retain more than 50 per cent control.

A third machine at the Bridgewater newsprint plant at Ellsemere Port will start up in the second quarter of this year.

Bank of Bermuda buys charter

BY KEITH HUNT IN BERMUDA

THE BANK of Bermuda, largest of the island's three banks, has acquired the only Bermudan bank charter not in use in a move seen as an attempt to prevent foreign banks from starting up business.

The bank acquired the charter from the John W. Swan group, along with Swan's $40m mortgage and deposit taking business. The total purchase price was about $1.6m.

The move has brought a call from the Opposition Progressive Labour Party for a full inquiry, Mr Eugene Cox, Shadow Finance Minister, questioned the propriety and legality of the deal.

"The fundamental question which must be answered is whether it is proper, or should even be permitted by law, for the charter granted to Swan in 1980 to be transferred as part of a financial package to the Bank of Bermuda, or indeed any other institution," he said.

Swan said the bank charter and deposit-taking business were only sold after the idea of opening a fourth bank on the island was rejected. It was decided that the socio-economic infrastructure might be upset if a foreign-controlled bank was opened, the company said.

Under the agreement, the bank assumes liability to Swan's depositors as from December 31, 1983. Swan will retain its property interests.

Total assets of the three Bermuda banks — Bank of Bermuda, Bank of Butterfield, and Provident Bank—have grown from about $1.4bn in 1978 to more than $4.28bn in 1982. The banks derive most of their revenue from foreign business.

Lufthansa increases operating profit

By John Davies in Frankfurt

LUFTHANSA, the West German airline, boosted earnings last year as a result of an increase in passenger and freight traffic.

Operating profit exceeded DM 100m ($35.4m), although the exact figure has not yet been disclosed. In 1982, the airline made a DM 90m operating profit and a net profit after tax of DM 45m. Sales revenue increased last year to DM 8.5bn, compared with DM 8.2bn in 1982.

The number of passengers and the volume of freight flown are both up on 1982 but exact figures have not been disclosed. In the first nine months of last year, the airline's passenger traffic was up 2.7 per cent and its freight business, in terms of tonne-miles, up 21.2 per cent.

Herr Heinz Ruhnau, the chief executive, said that Lufthansa would try to increase the passenger load on its European flights by more attractive fares but fares within Germany would have to rise.

Lufthansa is 75 per cent owned by the Federal Government, which is considering whether to reduce its stake

● The West German Government will this week unveil plans for a new state bond issue. Terms of the offerings are expected to be released either tomorrow or Wednesday.

South Africa blocks explosives takeover

BY OUR JOHANNESBURG CORRESPONDENT

THE PLANNED R20m ($15.8m) purchase of National Explosives by South Africa's largest chemicals group, AECI, has been frustrated by the Competition Board which says the acquisition is not in the public interest.

AECI has a near monopoly of South Africa's explosives market. NEL makes a small range of Du Pont explosives under licence, and early last year won a Competition Board ruling, which obliged the mining industry to open its doors to NEL's products.

Late in the year, however, increasing problems in a deteriorating fertiliser market forced Hanhill, a major shareholder in NEL, to seek cash through the disposal of its NEL stake. This was to have been accompanied by the sale of NEL shares by National Process Industries, an associate of Hanhill.

Monopoly considerations apart, it appears that the Competition Board's decision was coloured by the recent industrial unrest, which temporarily halted explosives production at several AECI plants.

The Competition Board is understood to believe that other producers should be encouraged to enter the explosives market, if only because future strikes at AECI would cause considerable problems for the mining industry.

DG Bank lifts provisions

BY OUR FRANKFURT STAFF

DG BANK, the central institution of West Germany's co-operative banking movement, is considerably increasing its provisions for risks, particularly foreign country risks, in its 1983 accounts.

But operating profits, which it described as well ahead of those in 1982, will also allow a dividend payment and transfers to reserves, although it gave no details.

DG Bank boosted its group balance sheet assets by 12 per cent last year to more than DM 78bn, with an increase in credit to small and medium-sized businesses and a revival in home-building finance.

The bank earned a group net surplus of DM 100m in 1982 and paid a 5 per cent dividend, after strongly recovering from its 1981 setback, when it earned a group net surplus of DM 52.5m and omitted a dividend.

DG Bank said that its improved operating result last year was helped by relatively stable interest rates and a modest increase in administrative costs.

New chief for Texaco Canada

● TEXACO CANADA INC has appointed Mr James L. Dunlap its president and chief executive officer. He succeeds Mr Roland M. Routhier, who was elected senior vice president of Texaco Inc. Mr Routhier will continue as a director of Texaco Canada Inc. Mr Dunlap has been an executive vice president and a director of Texaco Canada since August, 1983. Before that he was vice chairman of Texaco in London.

● Mr J. A. Thorpe has been appointed to the group management committee of ESAB AB, Sweden, responsible for the ... He will remain a member of the board of management for ESAB's companies in the UK. Mr J. G. Wilkinson succeeds Mr Thorpe as chief executive officer of UK operations. He will also continue as managing director of ESAB (UK) and of Murex Welding Products. Mr I. R. McWilliam, managing director of Hancock Cutting Machines, is also appointed chairman of ESAB-Lincoln Automation and director of Lincoln Electric. Mr D. J. Haley, formerly export sales manager, Murex Welding Product has been appointed general manger of the contractor services division of ESAB AB.

● Mr Vincent J. Buccellato has been named vice president, sales, of PHILIP MORRIS U.S.A. He replaces Mr Robert H. Cremin, who becomes vice president and director of special programmes of Philip Morris Inc. Mr Buccellato has been group director, brand management and vice president, marketing, of Benson and Hedges (Canada), a Philip Morris affiliate, from 1981 to 1983.

INTERNATIONAL APPOINTMENTS

Mr Vincent J. Buccellato, vice president, sales, Philip Morris U.S.A.

● Mr Horst Hinrichs has been elected managing director of WABCO WESTINGHOUSE FAHRZEUGBREMSEN, an American-Standard subsidiary with headquarters in Hannover. He has been with the WABCO Automotive Products Group for 24 years, most recently as vice president, international and business development, at the group's headquarters in Paris.

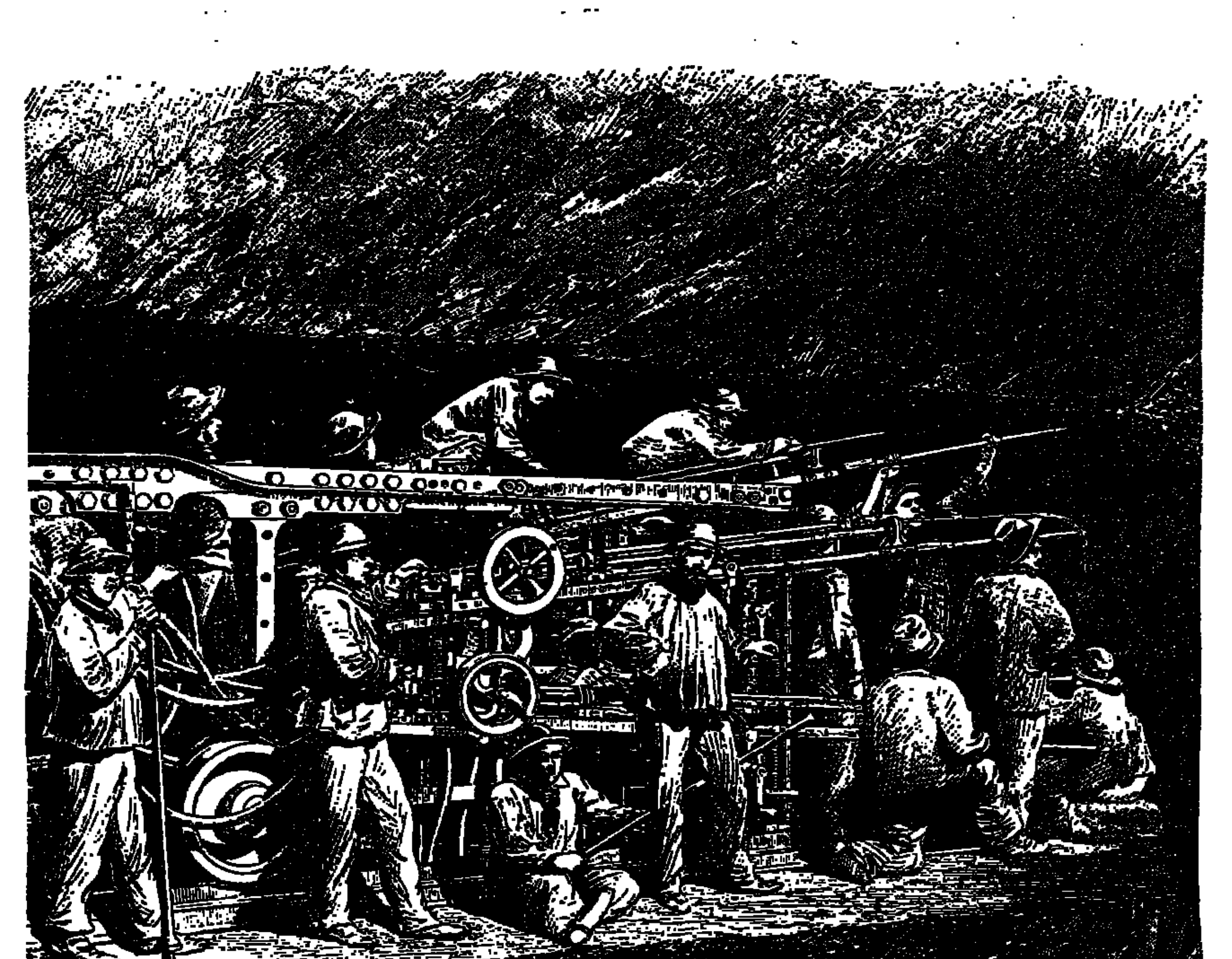
● Mr Greg L. Stangel has been appointed vice president-continental Europe/UK for LYKES LINES AGENCY INC, a wholly-owned subsidiary of Lykes Bros Steamship Co Inc. Mr Stangel, who will be based in Antwerp, succeeds Mr James H. Clark.

● Two executive vice president positions have been established at BRIDGESTONE TIRE CO, which represent a change in Bridgestone's internal senior management structure. Promoted to the newly created positions are senior managing directors, Mr Teiji Eguchi and Mr Akira Yeiri.

● Mr Peter T. W. Redsell has been appointed to the new position of New York-based chief operating officer / international and named to the worldwide managemtn group of D'ARCY MACMANUS MASIUS WORLDWIDE. He is also a member of the agency's board of directors. Mr Alvin Hampel has been named to the new position of corporate vice president and director of creative services in addition to his role at chairman of the agency's New York office, a post he has held since joining the company in March 1982. Mr Stephen P. Arbeit and Mr Craig D. Brown, have been appointed to DMM's worldwide management group.

● Mr Charles Lamont has been appointed vice president and general manager of region one of the international division of SPERRY CORP of New York's computer systems operations. He was director of customer and marketing support for the international division, based at the company's UK headquarters in London. In his new post he is responsible for all computer systems' marketing and services in the Middle East, and the Far East, Australia, South Africa and Latin America, based at computer systems' worldwide headquarters at Blue Bell, near Philadelphia, Pennsylvania.

● Mr Richard D. Mathews has been appointed manager, exploration, GULF OIL (IRELAND) in succession to Mr Robert K. Kirkbride who has retired, but will continue in a consultative capacity based in Dublin until June 30. Mr Mathews was exploration manager for Gulf Oil Company, Nigeria from 1981 to 1983 and Gulf Oil Pakistan from 1979 to 1981.



FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
Australian Com. 11⅞ 90	100	100¼	100¾	−0⅛	−0⅛	11.12
Australia Com. 11½ 95	300	97¼	97¾	0	0	11.89
Australia Com. 11⅞ 98	100	97¼	97¾	0	0	11.98
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week 0

	Issued	Bid	Offer	Change on day	Change on week	Yield
Quebec Province 5⅝ 93	100	101	101½	0	0	5.47
Shikoku Elec. Pwr. 6 91	100	102½	102¾	−0⅛	+0⅛	5.59
Soc. Lux. Cent. 5⅝ 93	100	99½	99¾	0	0	5.80
Sumitomo Hvy. I. 6 91	100	101	101½	0	−0⅛	6.01
Tokyo Elec. Pwr. 5⅞ 91	100	103	102¾	−0⅛	0	5.36
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROBOND TURNOVER (nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	5,454.8	11,066.2
Previous week	6,656.1	11,853.4
Other bonds		
Last week	1,644.0	1,144.9
Previous week	1,337.7	644.2

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Blyth, Eastman, Paine, Webber International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

Closing prices on January 27

UK COMPANY NEWS

Scottish Northern £21.5m purchases

Scottish Northern Investment Trust has offered to acquire for £21.5m three private investment companies, New Harrison Trust, New Atherton Investment Corporation and Chowbent, in each of which Scottish has held shares for some years.

The total consideration will be determined on the unconditional date and will be satisfied as to 55 per cent by the issue of Scottish ordinary shares and 45 per cent by the issue of new Scottish debenture stock 2009, the rate of interest also being determined on the unconditional date.

Conditional on the outcome of the offers, a further tranche of £11m of debenture stock will be placed with institutional clients of broker Laing and Cruikshank, who is making the offers on behalf of Scottish.

The directors of the three companies have undertaken to accept the offers in respect of their beneficial holdings and in respect of crossholdings. These together with shares already held by Scottish represent 20.81 per cent, 13.49 per cent and 13.45 per cent respectively of New Harrison, New Atherton and Chowbent.

Vickers

Vickers has declared final dividends for 1983 of 2½ per cent on preferred 5 per cent stock; 2½ per cent on 5 per cent preference stock; and £35.71 per £1,000 stock on cumulative preference stock. Payment will be made on April 2. The dividend on the cumulative preference stock is free of tax up to 30 per cent.

CML Microsystems for the USM

BY ALISON HOGAN

Brokers Simon and Coates are bringing the high technology company CML Microsystems to the Unlisted Securities Market by way of an offer for sale by tender.

CML supplies some 50 products to sectors of the electronics equipment industry including land mobile radio-telephones, civil and military telecommunication, pocket pagers and industrial signalling.

The products it designs and manufactures are specialised monolithic and hybrid integrated circuits. Customers include Racal, Plessey, Motorola, U.S., and Thomson-CSF, France.

Simon and Coates have settled on a minimum tender price of 93p per share which gives a market capitalisation of just under £8m and prospective earnings of 15.2 times on an actual 38 per cent tax charge, 19.8 times fully-taxed.

The net forecast dividend for the year to March is 1.4p giving a prospective yield of 2.15 per cent at the minimum tender price. Net assets per share are 22.1p.

Turnover has grown steadily over the last five years though the profit has not followed a similar path. In 1980 profits disappeared against a sudden increase in the costs of materials and start-up costs of a new product and its U.S. MX-COM subsidiary.

Mr George Gurry, chairman and managing director of CML, says that the company has established alternative sources of materials and technology so that it is less reliant on any one supplier or customer. Pre-tax profits in the year ended March 1983 were £404,000 and the company comes with a forecast of the current year of not less than £841,000.

The company is increasing its sales overseas and last year added a production facility at MX-COM which had formerly been limited to marketing. Sales in the U.S., Japan and the Far East, as a proportion of the group total, has increased by 7 per cent to 24 per cent in the six months to September 1983.

The company will raise around £336,000 at the minimum tender price and intends to use the proceeds to assist in the expansion of its manufacturing and engineering facilities at Witham and in North Carolina, U.S. It is offering 410,000 shares.

The remaining 1.8m are being sold by trust which owns the shares formerly held by one of the founders of the company Mr McCarthy, who is no longer involved in the management.

Applications for shares will open on Thursday February 2.

● comment

Mr George Gurry and Mr Brian Hardy make a good team as the boffin chairman and proficient sales director of CML Microsystems. But they will probably need to widen the executive board once the harsher light of the stock market is shining on them. The business appears to be on a broader footing than it was in 1980 when an exceptionally high gold price so easily wiped out profits. Simon and Coates have a good reputation for spotting high technology companies with solid growth prospects. The potential for increasing market share in the areas of electronic equipment where CML specialises appear promising. CML is still young and product development moves quickly so the downside is to keep an eagle eye on the competition. Simon and Coates has decided that the stock is unique enough to warrant an offer for sale by tender. Mindful of the recent spate of disappointing tenders before Christmas (Dataserv and VG Instruments) the minimum tender price of 93p has been set at a moderate level to give a fully taxed prospective PE of 19.8 times. It should assure that CML takes off to a comfortable premium of around 20p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Euston Centre Properties, Nova (Jersey) Knit, Stock Conversion and Investment Trust, Textured Jersey, Vibroplant.

Finals: Newman Tonks, Ruo Estates, Television South.

FUTURE DATES

Interims:

Ariel Industries	Feb 14
Gripperrods	Feb 10
Hampson Industries	Feb 14
Meat Trade Suppliers	Feb 7
Peerless	Feb 14
Ransom (William)	Feb 9

Finals:

Crescent Japan Inv Tst	Feb 7
Hongkong and Shainghai Bkg	Mar 13
New Tokyo Inv Tst	Feb 7
Yeoman Investment Trust	Feb 9

Midway rise to £152,000 by East of Scotland

AN INCREASE in net income from £140,084 to £151,587 has been shown by East of Scotland Onshore for the six months to the end of November 1983. Net asset value fell from 95.7p at the end of last May to 93p at the end of the first half, which the directors say reflects difficult trading conditions experienced during 1983.

The company invests in unlisted companies which provide services or supplies to the oil and gas industry.

The net interim dividend has been held at 0.65p payable on March 7. In the last full year a total of 2p was paid from net profits of £242,563.

First half earnings per share moved up from 1.4p to 1.52p.

Franked income came to £127,466 (£87,614) and unfranked to £189,780 (£209,996). Management expenses amounted to £59,253 (£45,639). There was a charge for tax of £106,376 (£111,887).

Alison Hogan looks at a new standard to replace SSAP 16...

The tiger turned into a mouse

The blueprint of a new accounting standard to replace SSAP 16 on current cost accounting was unveiled last week.

The contents reflected all the rivalries and disagreements which dog almost any exercise undertaken by the six accountancy bodies that make up the profession in the UK and Ireland.

Strictly speaking, it was not the actual Statement of intent but an assessment of what would probably be in the Statement, indicated by Mr Ian Hay Davison, chairman of the Accounting Standards Committee. A statement will follow after the next ASC meeting on February 29. A couple of months later an exposure draft will be published.

Mr Davison is confident that the new standard will be in place on January 1 1985. He is convinced that people will be persuaded by its "ineluctible logic."

"At least we have a robust methodology in current cost accounting. We know how to maintain operating capability." But for small companies, he says, the solution is harder and further research is needed.

Mr Stanley Thompson of Ford Motor who headed the subcommittee which was asked to prepare a new exposure draft on inflation accounting in the autumn, is optimistic that the ASC will publish an exposure draft in the spring. But he is bitterly disappointed that the main proposal that his committee put forward will almost certainly be rejected.

The committee echoed the recommendation of the earlier Neville report that all accounts, not just those listed companies, should reflect changes in prices. Mr Thompson thought there was scope for a two-tiered standard for small and large companies. He still hopes that small companies will come into the net, but recognises that the tide is moving towards a shelving of the subject.

Mr David Allen, the president of the Institute of Cost and Management Accountants, which has argued strongly for an alternative to current cost accounting is also sorry to discover that the research and recommendations of his Institute are so poorly reflected in the proposals. "Our research showed that CCA is fundamentally unsound as a method of accounting for inflation," he said.

The ICMA suggested a simple two-line adjustment to after tax profits to reflect the effects of inflation on a company's trading.

Two accountants who appear to be happy with the proposed statement are the famous Burgess Hill duo Martin Haslam and David Keymer who headed the rebellion of the Institute's rank-and-file against CCA, and called an extraordinary general meeting.

"It was never on the cards that current cost accounting would be dropped completely, but at least it is being relegated to the footnotes of the accounts," said Mr Haslam.

Most accountants seem disappointed, after so much effort, so many research projects, task forces, monitoring working parties and sub-committees, that so little should emerge. "It started out as a tiger and ended up as a mouse," said Mr Haslam.

A consolation is that the profession's self-regulatory powers will probably survive intact. The Government is not keen to take on the thankless task of standard setting and the Inland Revenue continues to steadfastly turn its back on it.

Changes that are proposed

The proposals are:

The new standard which aims to reflect the effects of changing prices in accounts will apply to all listed companies, to companies quoted on the Unlisted Securities Market.

It will also apply to all companies with a turnover above £25m or a balance sheet total over £12.5m or more than 1,250 employees.

It will not include small companies as more research is said to be needed to develop a methodology suitable for them.

There will be one set of accounts. The supplementary accounts including the current cost balance sheet will be dropped.

Companies will be encouraged, but not required, to adopt a current cost profit and loss account. But where the historic cost profit and loss account is preferred then a company will be required to include in notes to the account the current cost profit including the four adjustments outlined in the existing standard SSAP 16 which are used to arrive at the CCA profit figure. These adjust for depreciation, the cost of sales, the monetary working capital and gearing.

The gearing adjustment recognises the benefit to shareholders, in a time of rising prices, of the existence of borrowings after offsetting the cost of servicing the borrowings.

The proposals extend the permitted alternatives for calculating the gearing adjustment by allowing a company to add a proportion of unrealised holding gains which has the effect of giving a constant gearing ratio during the year. The proposals also allow a general index to be applied to net borrowings to arrive at an interest charge which is calculated in real terms.

Some companies are excluded from the proposed standard where such calculations would be inappropriate due to the nature of their business. They include, value based companies, such as those involved in dealing, trading and venturing and some small companies.

The proposals also outline rules for the evaluation of assets: A company need measure an asset at net realisable value only when a decision is made to sell it.

In any other case when the recoverable amount is less than replacement cost, then a historic cost number should be used. Similarly a current cost number can be used when an asset becomes technologically obsolescent.

Finally, when specific indices are not available, then a general index can be applied to overseas assets.

Herman Smith rights result

Acceptances of Herman Smith's rights issue of 3,158,182 ordinary have been received as to 2,995,769 ordinary (94.86 per cent), including 2,307,853 taken up by certain directors, major shareholders and the ICFC division of Investors in Industry, under an agreement announced at the time of the issue.

The balance has been sold at a premium and the net proceeds will be distributed to entitled shareholders.

FT Share Information

The following securities have been added to the Share Information Service:

Dataserv Inc (Section: Electricals).
Johnson & Jorgensen Packaging (Industrials).
London & Edinburgh Trust (Property).
Phoenix Oil & Gas N.L. (Oil and Gas).
Priest Marians Holdings (Property).
Southern Resources (Mines—Australians).
Tyne Tees Television Hldgs "A" N/V (Leisure).
Worthington (A. J.) (Hldgs) (Industrials).

Carlton Comm.

Mr Michael Green, chairman of Carlton Communications said at the AGM the current year had started well. Management accounts for the first two months showed a healthy increase.

LADBROKE INDEX
835-839 (+4)
Based on FT Index
Tel: 01-493 5261

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co Canada	9 %
CL Bank Nederland	9 %	■ J Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered ‖	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings ¶	10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 6%. Fixed rate 12 months £2,500 9% £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

FINANCIAL TIMES STOCK INDICES

	Jan. 27	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Jan. 20	1983/84 High	1983/84 Low	Since Compilatn High	Since Compilatn Low
Government Secs.	82.75	82.83	82.87	82.91	82.74	82.85	83.77	77.00	127.4	49.18
Fixed Interest	87.43	87.27	87.24	87.20	87.14	87.23	87.43	79.03	150.4	50.53
Industrial Ord	839.5	835.1	840.5	824.9	814.9	826.9	840.5	598.4	840.5	49.4
Gold Mines	531.5	530.6	528.1	524.9	541.3	545.1	734.7	444.6	734.7	43.5
FT-Act. All-Share	504.73	503.90	504.18	496.66	494.50	499.55	504.73	382.22	504.73	61.92

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§58	F.P.	—	80	75	✣Assoc.Energy Ser.5p	77	−1	b1.0	3.9	1.9	15.
¶435	F.P.	10/2	455	393	Brit. Petroleum	448	+10	20.25	1.9	6.6	12.
¶275	100	2/3	132	96	Cable & Wireless 50p	130	......	h5.47	3.5	6.0	5.
‖ ‖	F.P.	—	95	88	✣Circaprint Hldgs10p	88	......	u0.7	7.7	1.1	12.
‖ ‖	F.P.	—	255	215	✣Gibbs Mew	215	−5	4.65	1.6	3.1	28.
§91	F.P.	—	98	94	✣GrosvenorSq.Pp.10p	97	......	b5.0	2.5	7.4	7.
95	F.P.	31/1	96	90	Henara 10p	96	......	b2.8	2.6	4.2	12.
§137	F.P.	6/1	148	138	✣High-Point Serv. 10p	139	......	u3.0	3.4	3.1	11.
§195	F.P.	26/1	240	215	✣Moray F. Malt'gs 50p	224	+2	b7.0	2.7	4.5	9.
§35	F.P.	—	42½	34	Palma Group	41	+½	ud2.0	0.8	7.0	28.
¶ ¶	F.P.	—	74	60	StockleyDevel'mts10p	66	−2	—	—	—	—
100	F.P.	27/1	95	85	✣Synterials 10p	88	......	—	—	—	—
¶130	F.P.	17/2	177	131	V G Instruments 10p	157	......	b14	3.6	1.2	21.
§10	F.P.	31/1	19	16	✣Welpac 10p	17½	−½	bg0.2	4.1	1.6	18.

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price £	+ or −
** **	F.P.	—	128	120	Allied Textile 10% Cnv. Uns. Ln. 1993	120	......
‖	F.P.	6/1	124	103	Arlen Elect. 11¾% Cnv. Ln. 1990	105	+2
¶ ¶	F.P.	—	106	106	Atlanta Inv.Tst. 7% Cnv. Red. Cum. Prf.	106	......
¶ ¶	F.P.	—	102	101	BAT Inds. 12¼% Uns. Ln. 2003/08	101½	......
¶ ¶	F.P.	—	99¾	98½	Do. Fltg. Rate Cap. Nts. 1986/90	99¾	+¼
99.15	£25	22/3	25¾	24¾	Elf (U.K.) 12¾% Uns. Ln. '91	25	......
99.714	£30	26/4	33⅝	30	Int. Bk. for Rec. & Dev. 11.5% Ln. 2003	32¼	+½
100	F.P.	—	100½	99	Kensington & Chelsea 11.15% Red. 2008	99¾	−¼
‖	£30	10/11	48	30½	Lon. Shop Prop. 9pc Cnv. 94/99 Ser II.	47	−1
§95.711	£25	15/6	25	24½	MEPC 10¾pc 1st. Mort. Deb. 2024	25	......
§100	£10	1/3	13	10¾	Mid Kent Wtr. 12pc. Red Deb. 1993	11¾	......
—	F.P.	—	100⅞	100 1/16	Nationwide 10⅞% Bds. 24/12/84	100⅛	......
—	F.P.	—	100⅛	100	Do. 10¼% Bds. 28/1/85	100⅛	......
¶ ¶	F.P.	—	30p	28½p	Palma Group 3½%Cum. Prf. £1	30p	......
99.44	£25	15/4	27¾	25¼	Queens Moat 13% 1st Mort. Deb. 2015	27	......
99.893	£30	21/3	31 5/16	29¾	Spain 12% Ln. 1988	31 5/16	+ 1/16

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1983/84 High	1983/84 Low	Stock	Closing price	+ or −
300	Nil	—	17/2	436	400	Carlton Communications 5p.	436	......
98	F.P.	—	10/2	150	113	Charterhouse Pet.	150	+1
R28.20	Nil	—	17/2	223	150	East Dagga Linked Units	208	−9
160	Nil	—	3/2	49pm	36pm	Ellis & Everard.	46pm	−2
32	F.P.	—	24/2	47	35	Herman Smith 10p	47	+4
32	Nil	—	6/2	4pm	2½pm	Jones (Edward) 10p.	3½pm	−½
300	F.P.	—	2/2	395	333	McCarthy & Stone 20p	380	−15
30	F.P.	—	9/3	56	49	Meggitt 5p	55	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ● Provisional or partly-paid allotment letters. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ✣ Unlisted Securities Market.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
Ault and Wiborg	Mar 4	Final 0.5
BPM	Feb 25	Interim 1.581
Barclays Bank	Mar 7	Final 11.0
Bath and Portland	Feb 22	Final 3.5
*Berisford (S. and W.)	Jan 31	Final 6.0
Bibby (J.)	Mar 10	Final 5.15
Bio-Isolates	Feb 14	Final nil
*Birmid Qualcast	Feb 15	Final 0.9
Boddingtons' Brews	Mar 10	Final 2.25
British Vita	Mar 8	Final 2.7
*Brown (John)	Jan 31	Interim nil
Cadbury Schweppes	Mar 10	Final 3.5
Comm Union	Feb 22	Final 6.85
Cons Gold Fields	Mar 9	Interim 8.5
Cons Plants	Mar 5	Interim 5 sen
Dalgety	Feb 15	Interim 11.0
Fisons	Mar 1	Final 7.5
*Fleet Hldgs	Feb 14	Interim 0.75
General Accident	Mar 2	Final 9.5
General Mining	Mar 10	Final 120c
*Gold Flds SA	Feb 7	Interim 180c
Grindlays	Mar 1	Final 4.464
*HK Shanghai Bank	Mar 13	Final HK$0.37
Hoover	Feb 17	Final nil
*ICI	Feb 23	Final 10.0
*Imperial Group	Feb 9	Final 4.5
*Lloyds Bank	Mar 9	Final 14.66
Lasmo	Mar 10	Final 6.5
Lonrho	Feb 10	Final 5.0
Marchwiel	Feb 21	Final 4.8
Marley	Feb 23	Final 1.5
Midland Bank	Mar 10	Final 17.5
Mitchell Cotts	Mar 3	Interim 1.5
News Intl	Mar 3	Interim 3.499
Nottingham Manufctg	Feb 14	Final 3.9
Provident Financial	Mar 8	Final 5.58
Ransomes Sims and Jefferies	Mar 9	Final 8.86
Royal Dutch Petroleum	Mar 10	Final Fl 4.65
*Royal Insce	Mar 1	Final 16.5
Securicor	Feb 9	Final 1.23
Sedgwick	Mar 10	Final 4.5
Shell Transport	Mar 10	Final 12.6
Sime Darby	Mar 5	Interim 4 sen
*Smith (W. H.)	Feb 15	Interim due
Stand Telephone and Cables	Feb 18	Final 4.0
*Stock Conversion	Jan 30	Interim 1.75
Telefusion	Feb 24	Interim 0.82
Ultramar	Mar 10	Final 9.5
Unilever	Mar 1	Final 18.87
Unilever NV	Mar 1	Final Fl 14.5
Vickers	Feb 28	Final 3.45

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

SHARE STAKES

Glynwed International — Britannic Assurance is interested in 5,220,000 ordinary shares (6.23 per cent).

Stoddard Holdings — 88,800 A ordinary shares have been purchased and C. A. B. Maclean, a director, is deemed to hold an interest in the purchase.

The Midland Trust — Directors of the company, F. P. Weaver, E. Butler and M. A. H. Willet, having accepted the offer by Britannic Assurance, and that offer having become unconditional, no longer have an interest in the ordinary share capital.

Walker and Homer — G. R. Walker, a director, has sold 25,000 ordinary shares.

Linread Holdings—on January 13 F. M. Hughes, a director, gave notice of his intention to exercise his rights under an agreement with A. H. & D. G. Lynall, also directors, to acquire a total of 100,000 shares in equal proportions from the vendors. Purchase and sale were effected on January 27. Mr and Mrs A. H. Lynall now hold 1,007,005 shares (18.78 per cent), and Mr and Mrs D. G. Lynall now hold 929,629 shares (17.34 per cent of the issued share capital). Mr and Mrs F. M. Hughes now hold 115,000 shares

Mercantile House Holdings — M. J. L. Kelly, a director, has sold 50,000 shares at 422p. A. J. C. Sommerville, a director, has sold 5,000 shares at 425p.

Francis Sumner Holdings — Mrs M. Maimann, a director, has sold 350,000 shares and now holds 1,750,000 shares.

Brown Boveri Kent — As a result of recent purchases, the Prudential Corp Group now holds 2,764,000 shares (5.09 per cent).

Nesco Invests — Following acquisitions Longon Invs has advised that it has now acquired a disclosable interest in 470,000 ordinary shares of Nesco (16.1 per cent).

Rowlinson Securities — P. J. Rowlinson, a director, has acquired 15,849 ordinary shares at 26.25p and now holds 2,548,929 shares (20.4 per cent).

Sainsbury's Holding — Following a transfer of shares the beneficial interest of Sir John Sainsbury, director, has been reduced by 6,039,000 shares and his non-beneficial interest increased by the same number.

TR Industrial & General — Government of Kuwait, Ministry of Finance, Kuwait Office now hold an interests in 21,845,000 ordinary designated the securities management trust A account. This represents 10.09 per cent of total shares in issue.

Closing prices January 27

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18⅝	8½	AAR	.44	2.4	22	424	18¼	17⅞	18	+ ⅛
52⅛	30½	ACF	1.40	3.1	219	918	46	45½	45⅞	+ ½
18⅞	14¼	AMF	.50	3.1		1032	16⅜	16	16¼	+ ⅛
41¼	18½	AMR Cp			16	10654	36⅛	35	35⅞	− ½
19⅜	16⅝	AMR pf	2.18	11		41	u19⅞	19⅝	19⅞	+ ⅛
41½	24⅞	AMR pf	2.13	5.9		286	36⅞	35⅞	36⅛	− ⅜
23⅞	20	ANR pf	2.12	9.9		7	21⅜	21⅜	21⅜	− ⅛
16¾	3⅜	APL			19	8	13½	13¼	13¼	− ⅛
55¼	33¼	ARA	2.05	4.1	11	499	50⅞	50	50	− ¾
79¼	50¼	ASA	3a	5.3		471	57	56¼	56½	+ ¼
33¼	14⅛	AVX	s .32	1.3	38	110	24⅜	22⅞	24	− ⅛
53⅞	36⅛	AbtLab	1	2.3	15	2751	44¼	43½	43⅞	− ⅛
30¾	23¼	AccoW	n.60	2.0	21	40	29¾	29¼	29⅝	− ¼
27½	17⅛	AcmeC	.40	1.5		210	26½	26¼	26⅜	− ¼
14⅜	8⅞	AcmeE	.32b	2.5	80	130	13	12⅞	12⅞	+ ⅛
24⅞	8⅜	AdmDg	.04	.3	12	135	15¼	15	15⅛	− ⅛
18¾	15	AdaEx	2.11e	13		34	16⅝	16⅜	16½	
19⅛	7¾	AdmMl	.24	1.4	8	49	17⅛	16⅝	16⅝	− ¼
18⅝	5¾	Advest	.12	1.1	10	50	11⅜	11⅛	11⅜	+ ⅛
37½	15½	AMD	s		37	5371	30¼	29	30¼	−1⅛
24⅝	13⅜	Aerflx	s		18	44	15½	15⅜	15½	
43½	32⅞	AetnLf	2.64	7.2	9	1370	36⅝	35⅞	36⅜	+ ⅝
65	55¼	AetL pf	5.09e	8.9		880	57⅛	56¾	57⅛	− ⅛
40½	22½	Ahmns	1.20	3.6	9	1391	33⅜	33⅛	33⅜	+ ½
7⅜	3	Aileen				57	4⅛	4⅛	4⅛	− ⅛
51	37¼	AirPrd	1	2.2	13	893	45⅝	45	45½	+ ⅝
30⅞	17	AirbFrt	.60	2.2	22	75	27⅜	27½	27½	− ⅛
3	1⅛	AlMoa	s		27	350	3	2⅞	3	

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Continued on Page 19

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices January 27

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
6⅛	1⅞	ATI				28	2	1⅞	2	+⅛
12¼	3½	AcmePr			36	1	6⅛	6⅛	6⅛	+⅛
19½	12⅛	AcmU	s.32	2.1	17	30	15½	15⅜	15⅜	−⅛
14⅝	5⅜	Acton	g		9	81	13⅝	13⅜	13⅜	+⅛
12	6⅛	Acton s	.11	13.	25	101	7⅞	7⅞	7⅞	−⅛
6½	1½	Actn	wt			12	3	2⅞	2⅞	
8	1⅞	AdmRs				80	3⅛	3	3⅛	+⅛
30⅞	21	AdRust	s.10	5	13	23	21¼	d20¾	20¾	−¼
28⅞	15	Adobe	.24	1.1	16	68	21¾	21¼	21¾	+¼
5½	2⅞	AegisCp			14	109	4⅛	4	4	−⅛
7	4	Aeronca			8	23	5⅞	5⅞	5⅞	+¼
45	26⅜	AhPb	s.84	1.6	17	5	44	44	44	
17½	6⅞	AltSix	.05e	.5	9	65	12	11¾	11¾	−¼
15½	5⅞	AirExp				31	7	6¾	6¾	−⅛
6⅞	4	Alamc	n		10	253	5⅛	5	5⅛	+⅛
23⅞	6⅞	AlbaW	.15e	1.1	9	25	13¼	13⅛	13⅛	−⅛
70	50	AlgC	wt			7	58¼	59½	59½	+2¼
12¼	4⅛	AlnTr	s			21	4¼	d4	4¼	
14¼	8	AlmySt		1.5		3	13¾	13⅝	13¾	
10½	5⅞	AlphaA	.49r	6.1		9	7⅞	7⅞	7⅞	−⅛
28⅞	17½	Alphain	.05	.3	24	13	18⅛	18	18⅛	−⅛
2⅞	1¼	Altex				136	1½	1⅜	1½	+⅛
11-16	1-16	Altex	wt			1	5-16	5-16	5-16	−1-16
32½	14⅝	AlzaCp			153	150	17	16⅞	16⅞	+¼
29⅞	15	Amdhl	s.20	1.1	28	2099	18⅛	17⅝	18	−⅛
25⅛	7½	Amedco	.08	.5	20	53	16	15¾	16	
9½	2	AmCap			152	116	9½	9	9⅛	−¼
44⅝	18¼	AExp	wt			45	19⅞	18¾	19½	+⅛
12⅞	6⅞	Aisrael			2	93	6⅛	6⅛	6⅛	
19⅞	12	AMzeA	.52	2.9	56	12	18	18	18	
18¼	12½	AMzeB	.52	3.0	56	5	17¼	17¼	17¼	−⅛
19¼	2¼	AMBld	s			168	3	2⅞	3	
38½	27	AMotn	.30	.9	12	335	34⅝	33⅞	34¼	+¾
60⅛	47⅛	AmPetf	3.20	5.3	14	50	60¼	59¾	60	
8⅞	4⅞	AmPlan				14	7⅞	7½	7⅞	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

O-O-O

P-Q

R-R-R

S-S-S

Continued on Page 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 18

R-R-R

S-S-S

T-T-T

U-U-U

V-V-V

W-W-W

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65½	31¼	Whtehl			13	219	38¼	36	36¼	−2⅛
34⅛	17¼	Whittak	1.60	8.2	8	734	19¾	19½	19⅝	
11⅛	4⅝	Wiebldt			53	225	8¼	8⅛	8¼	+¼
30⅛	17⅞	Wilam	1.20	4.3	34	533	28½	27½	27⅞	−⅝
17	7½	WlmEl			6	187	8	7½	7⅞	+⅜
11½	6	WlshrO	.04e	.5		115	7⅞	7⅝	7⅞	+⅛
37⅞	25	WinDx	s1.56	5.2	11	57	29⅞	29½	29¾	−⅛
23⅞	10½	Winneg	.10e	.8	17	290	12½	12¼	12¼	−⅛
12⅞	5½	WinterJ			27	9	9⅝	9½	9½	−⅛
28½	22¼	WiscEP	2.10	7.6	7	156	27¾	27½	27¾	+⅛
95	74	WisE	pf8.90	12.		z30	77	77	77	

Continued on Page 20

Sales figures are unoffical Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only Unless otherwise noted rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend c–liquidating dividend cld–called. d–new yearly low e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting k–dividend declared or paid this year, an accumulative issue with dividends in arrears n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months plus stock dividend. s–stock split Dividends begins with date of split sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies wd–when distributed wi–when issued. ww–with warrants. x–ex-dividend or ex-rights xdis–ex-distribution. xw–without warrants y–ex-dividend and sales in full yld–yield. z–sales in full.

WORLD STOCK MARKETS

Indices

NEW YORK

DOW JONES

	Jan. 27	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Jan. 20	1983-84 High	1983-84 Low	Since Compil'tn High	Since Compil'tn Low
● Industr'ls	1250.00	1229.69	1231.89	1242.88	1244.45	1258.11	1287.20 (29/11)	1027.04 (3/1/83)	1287.20 (29/11/83)	41.22 (2/7/32)
H'me Bnds	71.25	71.15	71.11	71.28	71.13	71.25	77.84 (6/5)	60.85 (9/8)	—	—
Transport..	567.15	571.52	573.01	586.28	587.70	596.45	612.63 (9/1/84)	434.24 (3/1/83)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	132.66	131.79	132.08	131.60	130.83	130.39	140.70 (31/10)	118.61 (3/1/83)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000†	103,72	111,110	115,470	105,0	92,010	95,360	—	—	—	—

● Day's high 1238.69 (1242.57) low 1218.91 (1322.78)

	Jan. 20	Jan. 13	Jan. 6	Year ago (approx)
Industrial div. yield %	4.33	4.29	4.23	5.14

STANDARD AND POORS

	Jan. 27	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Jan. 20	1983-84 High	1983-84 Low	Since Compil'n High	Since Compil'n Low
Industr'ls.	184.60	185.08	185.88	187.22	185.82	187.45	194.84 (10/10)	154.95 (3/1/83)	194.84 (10/10/83)	3.62 (30/6/32)
Comp's'te	165.94	164.24	164.84	165.94	164.87	166.21	172.65 (10/10)	138.34 (3/1/83)	172.65 (10/10/83)	4.40 (1/6/32)

	Jan. 25	Jan. 18	Jan. 11	Year ago (approx)
Industrial div. yield %	3.76	3.69	3.68	4.51
Industrial P/E ratio	13.49	13.70	13.74	11.05
Long Gov. Bond yield	11.54	11.51	11.66	10.87

N.Y.S.E. ALL COMMON

Jan. 27	Jan. 26	Jan. 25	Jan. 24	1983-84 High	1983-84 Low
94.77	94.88	95.26	95.86	99.63 (10/10)	80.92 (24/1/83)

Rises and Falls

	Jan. 27	Jan. 26	Jan. 25
Issue Traded	1,964	1,994	1,995
Rises	619	659	698
Falls	920	940	886
Unchanged	425	395	411
New Highs	—	30	42
New Lows	—	19	12

MONTREAL	Jan. 27	Jan. 26	Jan. 25	Jan. 24	1983-84 High	1983-84 Low
Industrial	433.5	434.77	435.19	441.10	468.90 (26/9)	331.19 (4/1/83)
Combined	418.8	419.87	420.62	424.85	441.29 (26/9)	326.12 (4/1/83)
TORONTO Composite	2504.3	2507.9	2507.9	2526.3	2598.2 (26/9)	1949.8 (4/1/83)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
ATT New	2,475,600	17⅞	—	Nat Semi.	1,161,300	15⅝	−½
Houston N-Gas	1,928,300	60	+3⅝	AMR	1,065,700	36	−⅝
Merrill Lynch	1,537,000	30⅛	+¼	Arkla	987,400	26⅝	+⅞
IBM	1,536,400	114⅞	+¾	Texas Intl.	984,900	3½	−1¼
ATT Old	1,263,000	65⅝	+⅞	Dr. Pepper	967,900	21½	+⅛

	Jan. 27	Jan. 26	Jan. 25	Jan. 24	1983-84 High	1983-84 Low
AUSTRALIA						
All Ord. (1/1/80)	765.7	767.0	768.3	771.8	787.9 (9/1/84)	487.8 (4/1/83)
Metals & Mins. (1/1/80)	517.3	519.5	519.5	529.0	614.2 (5/8)	411.8 (4/1/83)
AUSTRIA						
Credit Aktien (2/1/62)	55.65	55.62	55.48	55.45	59.8 (5/5)	46.48 (15/2)
BELGIUM						
Belgian SE (31/12/63)	147.74	148.02	147.86	145.80	148.02 (26/1/84)	100.50 (4/1/83)
DENMARK						
Copenhagen SE (3/1/83)	221.43	222.04	222.80	223.62	225.21 (20/1/84)	100.00 (3/1/83)
FRANCE						
CAC General (31/12/82)	170.1	170.9	175.1	171.8	175.1 (27/1/84)	96.1 (3/1/83)
Ind Tendance (30/12/83)	111.9	111.9	114.7	112.0	114.7 (27/1/84)	99.4 (3/1/84)
GERMANY						
FAZ-Aktien (31/12/58)	365.99	364.31	364.19	360.79	365.89 (27/1/84)	241.89 (25/1/83)
Commerzbank (1/12/53)	1082.2	1076.8	1,075.5	1065.6	1,082.2 (27/1/84)	727.9 (25/1/83)
HONG KONG						
Hang Seng Bank (31/7/64)	1055.37	1047.57	1,041.88	1035.28	1102.64 (21/7)	690.06 (4/10)
ITALY						
Banca Comm Ital. (1972)	219.55	217.42	217.53	217.68	221.86 (18/1/84)	160.45 (10/1/83)
JAPAN**						
Nikkei-Dow (16/5/49)	10198.95	10179.6	10115.1	10022.9	10189.9 (27/1/84)	7803.18 (25/1/83)
Tokyo SE New (4/1/68)	773.17	771.37	768.64	760.93	773.17 (27/1/84)	574.51 (25/1/83)
NETHERLANDS						
ANP-CBS General (1970)	175.5	175.1	173.8	170.0	175.5 (27/1/84)	100.1 (4/1/83)
ANP-CBS Indust (1970)	144.4	144.1	143.1	142.0	144.4 (27/1/84)	83.5 (4/1/83)
NORWAY						
Oslo SE (4/1/83)	247.47	244.84	243.78	239.74	244.94 (26/1/84)	99.01 (4/1/83)
SINGAPORE						
Straits Times (1966)	1051.57	1045.34	1034.98	1039.56	1051.57 (27/1/84)	712.29 (3/1/83)
SOUTH AFRICA						
Gold (1958)	809.0	803.1	795.8	783.1	1099.5 (1/2)	661.4 (1/11)
Industrial (1958)	965.1	962.7	962.8	962.9	1008.4 (9/1/84)	704.9 (3/1/83)
SPAIN						
Madrid SE (30/12/83)	109.32	109.10	109.25	109.00	109.32 (27/1/84)	100.00 (30/12/83)
SWEDEN						
Jacobson & P. (1/1/58)	1549.26	1529.18	1,525.99	1537.25	1549.26 (27/1/84)	896.18 (3/1/83)
SWITZERLAND						
SwissBankCpn. (31/12/58)	380.7	380.6	380.9	378.8	388.7 (3/1/84)	294.4 (4/1/83)
WORLD						
Capital Intl. (1/1/70)	—	185.3	185.5	185.4	187.2 (20/1/84)	154.3 (3/1/83)

** Saturday January 21: Japan Nikkei-Dow 10,080.0. TSE 783.82.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

CANADA

ITALY

NETHERLANDS

NORWAY

AUSTRALIA

FRANCE

GERMANY

HONG KONG

JAPAN

SINGAPORE

SWEDEN

SWITZERLAND

SOUTH AFRICA

SPAIN

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 19

NEW YORK CLOSING PRICES

Continued from Page 19

CONSTRUCTION CONTRACTS

£11.5m Navy job tops Tarmac list

Work for the Royal Navy heads a list of contracts, together worth more than £15m awarded to TARMAC CONSTRUCTION. At H.M.S. Collingwood, the Royal Navy's land-based training ship at Fareham, Hampshire, the company has an £11.5m contract for rebuilding classrooms and training areas. Work on the project, awarded by the Property Services Agency, is scheduled for completion in three years. Other contracts awarded include the design and construction of redevelopment works to a pumping station at East Retford, Nottinghamshire, for the Anglian Water Authority (£559,000); warehouse, office block, external works and drainage at Hemel Hempstead, Hertfordshire, for Ciresty (£536,000); and repairing taxiways at Gatwick Airport, for British Airports Authority (£267,000). Tarmac Cubitts' contracts include refurbishing a factory at Liverpool, for G.E.C. Installation Equipment (£900,000); reconstructuring a warehouse at Chorley, Lancashire, for Leyland Vehicles (£779,000); and an extension incorporating a swimming pool at Torquay, for Derwent Hotel (Torquay) (£707,000).

★

WIMPEY has won a batch of orders worth around £5.4m. A bakery at Oldfield Road, North Greenford, Middlesex, is to be partly demolished and rebuilt by the London office under a contract placed by British Bakeries. Valued at £3.5m, the contract will cover modernisation of some two-thirds of the bakery complex providing some new offices, bakery area and a new despatch area, affecting about 4,000 sq metres. During installation of the plant bread will continue to be produced as usual. Work is scheduled for completion in July 1985.

Five tenement houses of four storeys are to be extensively modernised by the Glasgow office under a £1m contract from the Springburn and Possil Park Housing Assoc. Situated in Laverockhall Street, Springburn, Glasgow, the houses will be provided with new bathrooms and kitchens, central heating, rewiring and renewal of damaged floors, walls and tiles. Work will start towards the end of January for completion in December 1984.

A new police headquarters at Whitehaven, valued at £878,000, is to be built for Cumbria County Council by the Newcastle office. To comprise a two/three-storey main block with attached single-storey cell block, garages and outbuildings, the HQ will have raft foundations, load-bearing block walls with steel beams and a pitched roof for the main block. Work has started and will be completed in March 1985.

★

THE LILLEY GROUP has been awarded contracts totalling £9.45m. The largest, worth £2.6m, went to Melville Dundas and Whitson for a new Sheriff court house at Kilmarnock for the Property Services Agency. Another large contract placed with Melville Dundas is worth £1.7m for work on the Erskine Shopping Centre for County Properties. Lilley Construction has the second largest order in the batch, worth £1.8m from Strathclyde District Council, for phase two of work on the Hogganfield sewer.

Other work includes a £925,000 contract awarded to Eden Construction for 47 homes at Millom, Cumbria, for the North Housing Association, and a £900,000 contract awarded to Lilley Construction by BP Chemicals for building works for machine hall, Grangemouth.

£3.4m work at Park Lane Hilton

TROLLOPE & COLLS (CITY) has been awarded a £3.4m contract to carry out major refurbishment work at the London Hilton in Park Lane. The project has begun for completion in six months. The hotel, which will remain fully operational throughout, will have a major facelift to its reception areas and be equipped with new air conditioning units in all guest rooms and suites, together with associated plant in the third basement and on the fourth floor roof.

On the ground floor, the front lobby will be stripped out and modernised to incorporate a new reception area and lobby lounge in the front lobby, and three shops in the arcade. A circular staircase will lead to the new British Harvest restaurant on the first floor to replace the old Patio restaurant.

★

TURRIFF CONSTRUCTION has been awarded a contract by Northern Counties Housing Association for construction of three-storey flats at Ransfield Road, Chorlton, Manchester. The contract is worth £1.1m and work is due to commence late January.

APPOINTMENTS

Aitken Hume chief executive

Mr Charles Vaughan Johnson has been appointed a director and chief executive of the AITKEN HUME GROUP. He was senior vice president of the Bank of America. The appointment will enable Mr Tim Aitken and Mr Michael Scorey, the former joint chief executives, to concentrate on the group's newly-acquired American interests and future development opportunities in the UK and North America.

★

SPILLERS HOMEPRIDE, a newly-formed company within the Dalgety Group, has made the following appointments: Mr Paul Brown is appointed chief executive. He has held several senior general management positions within the Spillers Milling division and has been with the group for 15 years; Mr Maurice Blackhurst, commercial director, will control all operational functions with specific responsibilities for the sales of branded and own label flours. He was national sales manager for Spillers Milling. Mr Chris Ring is appointed marketing manager, responsible for the company's marketing function and is a member of the new management board.

★

THE WALTER LAWRENCE GROUP has made board level changes in its two new companies: Mr Paris Moayedi has been appointed managing director of Walter Lawrence Design and Construct, and Walter Lawrence Project Management. Mr Brian M. Thornton joins the boards of both companies. The companies were launched in June last year.

★

Mr Andrew Ross has been appointed chairman of PUNCH DISTRIBUTION SERVICES and Mr Ray Tookey, managing director. Mr Ross is also appointed publisher of the Geographical Magazine and The Countryman.

★

Mr Jonathan P. Dodd has joined WIGHAM POLAND PROFESSIONAL INDEMNITY as a director specialising in credit and bonding, both domestic and export covers.

★

Mr Dallas A. Mithen has been appointed a director of TILHILL FORESTRY. Mr Mithen was commissioner for harvesting and marketing in the Forestry Commission.

★

MASSTOR SYSTEMS INTERNATIONAL has appointed Mr Martin Fitzgerald its technical development director for Europe. Prior to joining Masstor, Mr Fitzgerald was production manager for SIA Computer Services.

★

PARKLAND TEXTILE (HOLDINGS) has appointed Mr J. Roy Smith as joint managing director of Parkland Manufacturing Company and Paul Speak and Sons (Queensbury). Mr Smith was a director of Parkland Manufacturing Company.

★

Mr P. G. Blampied has been appointed chairman of JERSEY GENERAL INVESTMENT TRUST in place of Mr Maurice Letto. Mr Letto remains a director.

★

Mr R. W. Stephens has resigned as a director of V.W. THERMAX and as chairman and joint managing director of V.W. Company, one of the operating subsidiaries, in order to pursue private interests. He remains available to the group in a consultancy capacity. Mr D. H. Traveller has been appointed director of V.W. Thermax to succeed Mr Stephens and retains the office of group secretary.

★

Mr Clive Mardon has been appointed chairman of the flexible packaging division of MARDON PACKAGING INTERNATIONAL. He has also been appointed chairman of Smith Brothers (Whitehaven) and Mardon Flexible Packaging.

INSURANCE

Life companies' relief over Gower

BY ERIC SHORT

THE SIGHS of relief with which life companies greeted Professor Gower's recently published Review of Investor Protection were audible not only in the City but in the distant shires where companies have relocated their head offices.

His proposals relating to life assurance, an industry which he freely admitted caused him more problems than any other in his review, are those with which the industry is confident it can live.

In spite of the vast number of recommendations made by Prof Gower, the impact is far less severe than his original proposals in his initial discussion document.

The life companies were most relieved by Prof Gower's acceptance — in spite of his personal feelings on the subject — that direct selling by life company agents of all life company products should continue.

Previously, he had sought to protect the investor from agents calling uninvited at homes selling what he considered were investment products thinly disguised as life assurance. Lobbying by the industry has apparently convinced him that life assurance has to be sold and that the home is often a more congenial place in which to transact business than an office.

Already most life contracts are sold directly, rather than through registered insurance brokers and other independent intermediaries. This proportion is likely to rise still further as more life companies build up direct sales forces. Acceptance by Prof Gower of direct selling was therefore very important to the future of these companies.

However, he is still concerned to protect the investor from the persistent, silver-tongued salesman, hungry for commission. He wants vigorous controls placed on life salesmen, and feels investors should be able to change their minds without losing financially after they have been sold a policy.

Investors already have the right to think again when they buy a regular premium contract — the so-called "cooling-off" period. Prof Gower is recommending that this right should be extended to single premium bonds, with appropriate safeguards against stags playing the market at the expense of life companies.

Prof Gower wants all life company salesmen, including those who are technically self-employed — the so-called tied agents—to be licensed under a self-regulatory system operated by the life assurance industry under statutory authority.

His proposed system is similar in principle to that offered by the Life Offices Association late last year and now under consideration by life companies. Prof Gower, however, envisages all life companies operating in the UK to be governed by this system, whereas without statutory backing any initiative by the life associations is not obligatory on non-member life companies.

Detailed proposals on working the system will be revealed in Prof Gower's next review, expected in the autumn. Meanwhile he urges the life companies to proceed with their plans for licensing and for all companies to join in.

In this Prof Gower envisages that all life companies operating in the UK would belong to just one association responsible for everything concerning UK life assurance. In view of the wide differences of opinion between the existing life company groups on several subjects, it is difficult to see how such a unified body would come into existence unless compelled by legislation.

Prof Gower has wanted those investment products marketed under a life assurance label to be treated as investments and subject to the same controls as he is proposing for other investments, EEC regulations forced him to modify his original ideas.

He now proposes that life contracts should be classified as investments in his projected Investor Protection Act, but that they would then be exempt from all other provisions.

This also relieved the industry; one of its bogeys is ultimate control by the authorities of the products it markets to the public. This freedom to design life products without interference has enabled the UK life assurance industry to offer the widest range of competitive savings and protection contracts in the world.

Prof Gower was also perturbed by the ease with which offshore life companies could market the most bizarre of investment products to UK residents with a minimum of control. He wants the soliciting of business by offshore companies stopped in the UK, or at least brought under strict control.

The Department of Trade and Industry has already proposed to do just that, following the problems which arose over the Gibraltar-based life company, Signal Life Assurance. However, its negotiations with the life associations have become bogged down over some technical but very pertinent points. It will be interesting to see whether Prof Gower in his next report will have some answers to this impasse, or whether the impasse will have been solved.

Parliamentary business for the week

TODAY

Commons: Data Protection Bill, second reading.

Lords: Housing and Building Control Bill, second reading. European Assemblies. Elections Regulations 1983, Motion for approval. Unstarred question on nuclear weapons.

Select Committees: Home Affairs: Sub Committee on Race Relations and Immigration. Subject: Immigration from the Indian Sub Continent. Witnesses: Joint Council for the Welfare of Immigrants; UK Advisory Service (Room 8, 4.15 pm). Public Accounts. Subject: Premature retirement in the NHS. Witnesses: Sir Kenneth Stowe, Department of Health and Social Security; Sir Trevor Hughes, Welsh Office; Mr A. L. Rennie, Scottish Home and Health Department (Room 16, 4.45 pm).

TOMORROW

Commons: Motions on the Rate Support Grant (Scotland) Order and the Housing Support Grant (Scotland) Order.

Lords: Dentists Bill, second reading. Animal Health and Welfare Bill, committee. Roads (Scotland) Bill, committee.

Select Committees: Treasury and Civil Service Sub Committee Sir Robert Armstrong and Sir Peter Middleton: Council of Civil Service Unions (Room 20, 4.15 pm). Parliamentary Commissioners for Administration. Subject: Reports of the Health Service Commissioner. Witness: Health Service Commissioner Room 5, 5.00 pm). Joint Committee on Statutory Instruments (Room 4, 4.15 pm).

WEDNESDAY

Commons: Opposition debate on the industrial and social consequences of the Government's policy on shipbuilding. Motion on the Industrial Tribunals (Rules of Procedure) (Equal Value Amendment) Regulations 1983.

Lords: Debate on the need for the Government to take a more constructive attitude at the forthcoming meeting of the European Council in March to resolve the EEC's essential problems and to realise its full potential, particularly in international affairs. Prayer to annul the Industrial Tribunals (Rules of Procedure) (Equal Value Amendment) Regulation 1983.

Select Committees: Defence. Subject: Weapons performance in the Falklands. Witnesses: Ministry of Defence (Room 16, 10.30 am). Trade and Industry. Subject: British Steel Corporation. Winesses: TUC Steel Committee (Room 8, 10.30 am). Social Services. Subject: Griffiths National Health Service Inquiry report. Witnesses: TUC Health Services Committee; Mr G. Roberts, chairman, Oxford Regional Health Authority; Mr Keith Barnard and Mr Stephen Harrison, Nuffield Centre for Health Services Studies, University of Leeds (Room 21, 4.15 pm). Treasury and Civil Service Sub-committee. Subject: Head of the Government accountancy service. Witnesses: Sir Kenneth Sharp, Consultative Committee of Accountancy Bodies (Room 20, 4.15 pm). Energy. Subject: Electricity and gas prices. Witness: Rt Hon Peter Walker, MP, Energy Secretary (Room 8, 4.30 pm). Foreign Affairs. Subject: Grenada. Witnesses: Rt Hon Sir Geoffrey Howe, QC, MP, Foreign and Commonwealth Secretary (Room 15, 4.30 pm). Public Accounts. Subject: Export Credits Guarantee Department trading accounts 1982-83. Witness: Mr J. Gill, ECGD (Room 16, 4.15 pm). Welsh Affairs. Subject: The impact of regional and industrial policy in Wales. Witness: Welsh Office (Room 18, 4.30 pm) Joint Committee on Consolidation Bills etc (Room 4, 4.30 pm).

THURSDAY

Commons: Debate on the RAF.

Lords: Matrimonial and Family Proceedings Bill, third reading. Cable and Broadcasting Bill, committee. Education (Assisted Places) (Amendment) Regulations 1984, Motion for approval. Companies Acts (Pre-Consolidation Amendment) Order 1984. Motion for approval.

FRIDAY

Commons: Private members' motions.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Insurances—continued

Jap Pen Fd	138.9	146.1	+0.4	—
AmPenFdAc	130.5	137.3	−0.9	—
PropPenAc	233.1	245.4	+0.1	—
MoLnPnAc	549.0	577.9	−0.3	—

Colonial Mutual Group
24 Ludgate Hill, EC4P 4BD. 01-248 9861
Capital Life Assurance

Key Inv Fd	—	128.6	....	—
Pcmkr Inv Fd	—	126.94	....	—
Equity Fd	105.91	111.48	....	—
Fxd Int Fd	103.29	108.73	....	—
Property Fd	99.08	104.29	....	—
Cash Fd	99.08	104.29	....	—
Managd Fd	106 63	112.24	....	—

Col Mut Life (Pension Annuities)

MdPnCapA/B	99.22	104.45	+4.45	—
MdPnInvA/B	99.29	104.52	+4.52	—

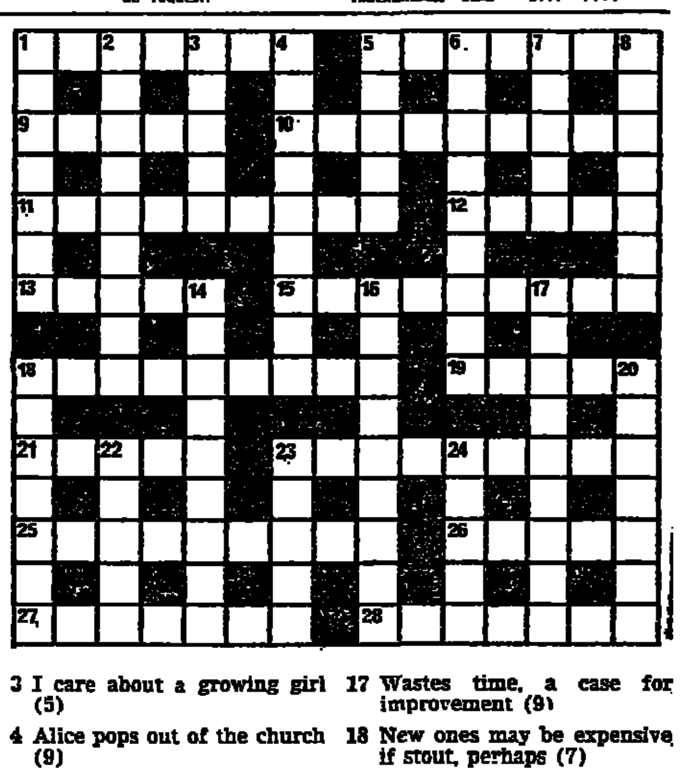
Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,329



ACROSS

1 To lead such a life is simple—and hard (7)
5 Medical disorder which can recur (7)
9 I'm returning with a French friend to a foreign resort (5)
10 Where soldiers may become demoralised or clergymen renew their faith? (2, 7)
11 Carries away the gates (9)
12 He goes round a short way in a hurry (5)
13 Some support for the workers (5)
15 They may have time but they're not free (9)
18 One who bosses the boss? (9)
19 Asians in a Massenet opera (5)
21 Make pottery of potential worth (5)
23 Looking about (9)
25 A client I'd made perfectly agreeable (9)
26 More or less important player (5)
27 Cut some grain in an out-house (7)
23 Opposes the Ugly Sisters (7)

DOWN

1 No object in bothering Melissa (7)
2 Hardly the speed at which a tramp will walk (5, 4)
3 I care about a growing girl (5)
4 Alice pops out of the church (9)
5 It's played up or down (5)
6 Killer who gives one a close shave (3-6)
7 Hunts—with success seemingly! (5)
8 Form of trestle used by writers (7)
14 Two elements of risk for the reformed alcoholic? (4-5)
16 Not in proper shape, obviously (9)
17 Wastes time, a case for improvement (9)
18 New ones may be expensive if stout, perhaps (7)
20 Coloured lights in glass perhaps (7)
22 Concerning the first woman magistrate of long ago (5)
23 Moved fast when account got in the red (5)
24 Drums in lively dances (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd.		243.19		—
Managed Inv Fd	164.78	173.46		—
Property Fd.	152.16	160.17		—
Fixed Interest Fd.	148.30	156.11		—
Cash Fd.	137.47	144.71		—
Income Fd.	181.54	191.10		—
Extra Income Fd.	174.41	183.59		—
Worldwide Growth Fd.	233.27	245.55		—
Balanced Fd.	183.11	192.75		—
Smlr Co's & Recv. Fd.	210.19	221.26		—
Int. Technology Fd.	269.08	283.25		—
Nth Amer & Gen. Fd.	162.45	171.00		—
Energy Int. Fd.	108.48	114.19		—
Pacific Basin Fund	149.98	157.88		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	118.6	124.9	+1.0	—
Property	120.0	126.3	−0.3	—
Equity	126.0	132.6	+0.8	—
International	135.4	142.5	+3.6	—
Fixed Interest	103.7	109.2	−0.5	—
Deposit	100.8	106.1	+0.2	—
Managed Pen. Cap.	119.4	125.7	+1.2	—
Property Pens. Cap.	121.4	127.8	−0.5	—
Equity Pens. Cap.	121.2	127.6	+0.7	—
Intnl. Pens. Cap.	141.9	149.4	+4.8	—
Fixed Int. Pens. Cap.	100.2	105.5	−0.6	—
Deposit Pens. Cap.	98.1	103.2	.....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Dec 29		97.4	.....	—
Rtmt. Fed Jan 6		280.3	.....	—
Managed Pen Fund	193.8	204.0	.....	—
Property Pen Fund	117.3	123.5	.....	—
Index Linkd Pen Fund	111.6	117.5	.....	—
Managed	128.9	135.7	.....	—
Property	106.2	111.8	−0.1	—
Gilt and Fixed Interest	108.6	114.6	.....	—
Index-Linked	97.3	102.5	.....	—
Equity	130.3	137.2	−0.1	—
Cash	105.7	111.3	.....	—
Midland Bk. Unit Tst.	127.0	133.7	+0.2	—
Midland Bank Intnl.	150.4	158.4	+0.7	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£41.31	—	+0.08	—
Property Units	£17.40	—	−0.01	—
Equity Bond/Exec	£26.73	28.29	+0.03	—
Prop. Bond/Exec.	£22.74	24.06	−0.01	—
Bal. Bd./Exec/Unit	£24.24	25.65	−0.03	—
2nd Equity Acc.	208.6	220.1	+0.2	—
2nd High Inc/Acc	167.9	177.7	+1.3	—
2nd Property Acc.	173.4	183.5	−0.1	—
2nd Managed Acc.	175.5	185.7	−0.2	—
2nd Deposit Acc.	146.5	155.0	.....	—
2nd Gilt Acc.	144.9	153.3	−0.2	—
2nd American Acc.	187.5	198.4	−2.1	—
2nd Intl Money Acc.	144.9	153.3	−0.1	—
2nd Index Acc.	99.4	105.2	.....	—
2nd Far East Acc.	103.4	109.4	+0.1	—
2nd Eq. Pens./Acc.	296.1	313.3	+0.4	—
2nd Hi Inc Pens/Acc.	179.3	189.7	+1.4	—
2nd Prp. Pens/Acc.	222.9	235.9	−0.1	—
2nd Mgd. Pens/Acc.	224.3	237.3	−0.4	—
2nd Dep. Pens/Acc.	193.7	205.0	.....	—
Gilt Pens/Acc.	189.6	200.6	−0.2	—
2nd Am. Pens/Acc.	249.6	264.1	−3.4	—
2nd Int.MoneyPens/Acc	177.4	187.7	−0.2	—
2nd Index Pens./Acc.	105.6	111.7	.....	—
2nd Far East Pens/Acc.	104.5	110.6	+0.1	—
L & E S.I.F.	76.0	80.5	.....	—
L & E S.I.F. 2	51.5	54.5	.....	—

Current value at Jan 26.

Capital Life Assurance
Continued on adjacent Page Mon-Fri and Stock Exchange Dealings Page Sat.

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-283 3933

Managed Growth	209.42	220.44	+0.62	—
Managed Income	97.36	102.49	−0.25	—
International	150.02	157.92	+0.47	—
High Income	125.76	132.38	−0.27	—
Income & Growth	129.62	136.45	−0.06	—
Basic Resources	145.51	156.06	−1.41	—
American	194.43	204.67	−3.14	—
Far Eastern (z)	218.76	230.27	+2.12	—
Smaller Cos	136.42	143.60	−0.38	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	127.3	134.0	−0.5	—
GT Pen High Yld Fnd	134.5	141.6	+3.1	—
GT Plan Far East Fnd	131.8	138.8	+2.8	—
GT Plan N. Am Fd	139.9	147.3	−2.9	—
GT Pln UK&G.E. Fnd	151.9	159.9	+2.5	—
GT Pln Wrldwde Fnd	155.8	164.0	+1.2	—
GT Pension Bnd Fnd	140.0	147.4	−0.6	—
GT Pen High Yld Fd	154.0	162.2	+3.7	—
GT Pen Far East Fd	163.2	171.8	+3.9	—
GT Pen N. Am. Fd	204.3	215.1	−5.0	—
GT Pen UK & G.E. Fd.	175.4	184.7	+2.8	—
GT Pen Worldwide Fd.	168.2	177.1	+1.4	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl Managed Bond	170.2	179.2	.....	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd Acc.		265.0	−0.1	—
Portfolio Fd. Int.		216.3	−0.3	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd B'mouth. 0202 767655

Managed Fd.	286.9	302.3	.....	—
Money Fd	157.2	165.4	.....	—
Equity Fd.	245.3	258.5	.....	—
Fixed Int. Fd.	118.6	125.0	.....	—
Property Fd	175.4	184.8	.....	—
Managed Pen. Fd.	270.2	284.6	.....	—
Equity Pension Fd	190.7	200.9	.....	—
Fixed Int. Pen. Fd.	166.9	175.9	.....	—
High Yield Pen. Fd.	164.7	173.6	.....	—
Money Pension Fd.	130.6	137.5	.....	—
Property Pension Fd.	129.3	136.2	.....	—
Gresham/Framlington				
American & Gen. Fd.	254.2	267.9	−1.2	—
Income Fd	206.7	217.8	+1.1	—
Int'l. Growth Fd	281.6	296.7	−1.3	—
Capital Fund	215.5	227.1	+0.6	—
Recovery Fund	164.4	173.2	+0.3	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	£1,536	—	.....	—
Landbank Secs.	£0.6674	—	.....	—
Landbank Secs. Acc.	189.2	194.1	.....	—
G. & S. Super Fd.	£11.590	—	.....	—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Guardian Assurance				
Property Bonds	306.3	319.0	.....	—
GRE Linked Assurance Ltd.				
Managed Initial	226.2	238.1	+1.1	—
Do. Accum	252.7	266.0	+1.2	—
Equity Initial	286.3	301.3	+1.6	—
Do. Accum	319.8	336.6	+1.8	—
Fixed Int. Initial	197.3	207.7	−0.6	—
Do. Accum.	220.4	232.0	−0.7	—
Intnl. Initial	231.0	243.2	+0.3	—
Do. Accum	258.1	271.7	+0.4	—
North American Initial.	103.0	108.4	−0.5	—
Do. Accum	104.7	110.2	−0.3	—
Pacific Initial	112.0	117.9	+0.7	—
Do. Accum	112.8	118.7	+0.7	—
Index-Linked Gilt Init.	93.0	97.8	.....	—
Do Accum	94.5	99.4	.....	—
Property Initial	123.8	130.4	.....	—
Do Accum	138.1	145.4	.....	—
Deposit Initial	125.7	130.2	.....	—
Deposit Accum.	138.2	145.5	.....	—
GRE Pensions Management Ltd.				
Pens. Managed Initial	224.2	236.0	+1.0	—
Pens. Managed Acc.	244.8	257.7	+1.1	—
Pens. Equity Initial	294.1	309.6	+1.1	—
Pens. Equity Acc.	321.1	338.0	+1.2	—
Pens. Fxd. Int. Initial	202.8	213.4	−0.5	—
Pens. Fixed Int. Acc.	221.4	233.0	−0.5	—
Pens. Int'l Initial	219.1	230.6	+0.9	—
Pens. Int'l. Acc.	239.2	251.8	+1.0	—

Continued on adjacent Page Mon-Fri and Stock Exchange Dealings Page Sat.

Hambro Life Assurance P.L.C.
Allied Hambro Ctr, Swindon, SN1 1EL 0793 28291

Fixed Int. Dep. Acc.	188.1	198.1	.....	—
Equity Acc.	428.2	450.8	.....	—
Property Acc.	286.2	301.3	.....	—

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
22N	22May	Exchequer 14pc 1984	101¾	17.10	13.81	9.37
19D	19Jun	Exch. 3pc 1984	97⅛	14.11	3.07	9.03
26Mar	26S	Treasury 12pc 1984	101¾	22.8	11.82	9.43
22Aug	22F	Treasury 15pc 1985	105⅛xd	16.1	14.23	9.62
22S	22Mar	Exch. 12pc Cnv. '85	102⅝	16.8	11.70	9.57
21N	21My	Treasury 3pc 1985	94⅜	17.10	3.18	7.61
15Jan	15Jul	Treasury 11½pc 1985	102⅜	9.12	11.24	9.77
3 Mar	3 Sept	Treas 8¾pc Cnv '85	99⅛	28.7	8.82	9.32
22May	22N	Exch. 12¼pc 1985	103⅜	27.10	11.86	10.15
25 Aug.	25F	Exch 11¾pc '86	102¾xd	19.1	11.44	10.29
—		Treas 10pc Cnv 1986	100¾	—	9.93	9.58
19N	19May	Treasury 3pc 1986	89⅜	13.10	3.36	8.16
19 Nv	19 My	Exch. 10½pc Cv '86	100½	13.10	10.45	10.23
12D	12Jun	Treasury 12pc '86	102⅞	7.11	11.66	10.53
10Ja	10Jul	Treasury 8¼pc '84-86‡‡	98⅜	5.12	8.66	9.34
29Apr	29Oct	Exch. 14pc 1986	107½	22.9	13.02	10.73
21 May	21 N	Exch 2½pc 1986	86⅛	18.1	2.90	8.11
22Jul	22Jan	Exch. 13¼pc 1987	106⅛	16.12	12.48	10.76
10 Fb	10 Ag	Treas 10¼pc Cnv '87	99⅛xd	—	10.35	10.62
24 Fb	24 Aug	Exchequer 2½pc 1987	84⅞xd	18.7	2.96	8.29
Oct 6	Apr 6	Exch. 10½pc 1987	99⅜	1.9	10.57	10.71
1N	1May	Funding 6½pc '85-87‡‡	92⅛	26.9	7.06	9.37
12 Jun	12 D	Treas 10pc 1987	97⅞	—	10.22	10.73
14Ja.	14Jul	Treasury 3pc 1987	83⅝	8.12	3.59	8.59
3 May	3N	Treas 12pc 1987	103⅜	27.9	11.61	10.85
26Jul	26Ja	Treasury 7¾pc '85-88‡‡	94⅞	20.12	8.21	9.45
10 My	10 Nv	Exch 10½pc '88	99⅛	4.10	10.59	10.72
14 Jun	14 D	Treas 9¾pc Conv '88	97⅛	—	10.05	10.58
1Ja	1Jul	Transport 3pc '78-88	81⅝	25.11	3.68	8.01
25Ap.	25Oct	Treas. 9½pc '88	95⅛	19.9	9.99	10.72

Five to Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
22Aug.	22F	Treasury 11½pc 1989	100⅝xd	16.1	11.31	11.06
14 Dc	14 Jn	Treas 10½pc 1989	99⅜	7.11	10.70	10.94
1 Feb	1 Aug	Exch 10pc 1989	96⅛	—	10.45	11.06
15Ap	15Oct	Treasury 5pc '86-89	83⅝	8.9	6.08	9.05
15Jul.	15Ja.	Treasury 13pc 1990‡‡	107⅞	9.12	12.10	11.24
22Sept	22Mar	Exch. 12½pc 1990	109⅝	16.8	11.87	11.28
15D	15Jun	Treasury 8¼pc '87-90‡‡	90⅞	8.11	9.18	10.45
—		Treas 10pc Cv '90 (£20pd)	20⅛	—	10.41	10.83
10Jul	10Ja	Treasury 11¾pc 1991	102⅝	5.12	11.51	11.30
5Oct.	5Ap.	Funding 5¾pc '87-91‡‡	82⅝	1.9	7.11	9.48
25Ap.	25Oct.	Exch. 11pc 1991	102⅛	19.9	11.08	11.12
22Jul.	22Ja.	Treasury 12¾pc '92‡‡	107⅞	16.12	11.84	11.26
21Aug.	21Fb.	Treasury 10pc 1992	95xd	16.1	10.45	10.82
25Fb.	25Aug.	Exch. 12¾pc '92	104⅞xd	19.1	11.64	11.30
22Mar.	22S	Exchequer 13½pc '92	116⅛	16.8	12.12	11.37
14 Jan	14 Jy	Treasury 12½pc '93‡‡	107⅞	8.12	11.64	11.21
15Mar.	15S	Funding 6pc 1993‡‡	78⅛	9.8	7.89	9.91
23May	23N	Treasury 13¾pc 1993‡‡	116⅞	17.10	12.02	11.27
1 Mar	1 Sep	Treasury 14½pc '94‡‡	118⅞xd	24.1	12.06	11.13
27O	27Ap	Exchequer 13½pc 1994	116⅝	20.9	11.92	11.27
22F	22Aug	Exch. 12½pc 1994	107xd	16.1	11.59	11.22
17May	17N	Treasury 9pc '94‡‡	92¼	11.10	9.95	10.48
25Jul	25Ja	Treasury 12pc '95	105⅛	19.12	11.42	11.18
1N	1May	Gas 3pc '90/95	63⅝	26.9	4.77	8.08
21Ja	21Jul	Exch. 10¼pc 1995	96	15.12	10.78	10.90
15May	15N	Treasury 12¾pc '95‡‡	113⅝	10.10	11.48	11.03

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Dividends Paid	Stock	Price £	Last xd	Div. Gross	C'vr	Y'ld Gr's
F.My.Ag.N.	Abbott Labs.$	31¾xd	10.1	$1.00	—	2.2
F.My.Ag.N	Alcoa 1$	31¾	1.11	$1.20	—	2.7
Ma.Ju.Se.De	Amax $1	17⅞	7.11	20c	—	0.8
Fb.My.Au.Nv	Amdahl	13⅝	26.10	20c	—	1.0
F.M.A.S.	Amer. Express $0.60	22⅛	3.1	$1.28	—	4.2
F.My.Au.N.	Amer. Medical Intl. $1.	17⅞	29.12	48c	—	1.9
M.A.N.F.	Amer. Nat. Res. $1	33¾xd	12.10	$3.16	—	6.6
Ap Jy Oc Ja	American T. & T. Co	46⅝	28.12	$5.40	—	8.2
M.J.S.D.	Amfac Inc	21⅛	15.11	$1.44	—	4.8
F.M.A.N	Bank America Corpn.	15¾	11.11	$1.52	—	6.8
A. J. O. Ja.	Bankers N.Y. $10	34⅞	29.9	$2.25	—	4.5
M.Je.S.D.	♥Beth Steel $8	18⅛	4.11	60c	—	2.2
Ja.Ap.Jy.O.	Brown'g Fer. c16⅔	27⅜xd	14.12	96c	—	2.4
F.My.Ap.N.	Brunswick Corpn.‖	21½xd	20.1	60c	—	2.0
J.Ap.Jy.O.	C.P.C. 25c	27⅝xd	28.12	$2.20	—	5.6
Oc Ja Ap Jy	Campbell Soup	44	5.1	$2.30	—	3.7
F.My.Au.N.	Caterpillar‖	35xd	19.10	$1.50	—	3.0
F.MyAuN.	Chase M'htn.$12.5	34⅞xd	27.1	$3.50	—	7.1
Ap Jy Oc Ja	Chemical N.Y. Corpn	35⅞	—	$3.24	—	6.3
Mr.Je.S.D.	Chesebrough $1	26⅛	28.11	$1.84	—	4.9
Mr.Jn.S.D.	Chrysler $6¼	21½	5.7.9	—	—	—
My.Au.N.F.	Citicorp $4	26½xd	23.12	$1.88	—	5.1
My.Au.N.F.	City Inv. $1.25	27¼xd	28.12	$1.80	—	4.5
F.My.Au.N.	Colgate-P. $1	15⅝xd	20.1	$1.28	—	5.9
Ma.Ju.Se.Dc.	Colt Inds. $1	37⅝	6.12	$2.20	—	4.1
O Ja Ap Jy	Cons. Foods $1⅓	20⅛	28.11	$1.16	—	5.8
F.M.A.N	Cont. Illinois $5	14⅛	27.9	$2.00	—	9.5
Ap.Jy.O.Ja.	Crown Zell. $5	23⅛	7.12	$1.00	—	2.9
—	Damson Oil US$0.4	687p	—	—	—	—
Mr.Jn.Sp.Dc.	Dana Corp. $1	20½	22.11	h74.7c	—	2.6
—	Deram-Lock Medical	83p	—	—	—	—
F.M.A.N.	Eaton Crp. $0.50.	36½	2.11	80c	—	1.5
J.A.J.O.	Esmark $1	31¼xd	14.12	$1.04	—	2.4
Mr.Ju.S.D.	♥Exxon‖	27⅝	7.11	$3.20	—	8.2

CANADIANS

BANKS, H.P. AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY—Continued

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

Tins

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—		♥Anglo-Dominion	72	—	—	—	—
—		♥Anglo Utd. Dev..	55	—	—	—	—
—		♥Centenial Minerals..	280	—	—	—	—
—		♥Colby Res Corp..	175	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	850xd	16.1	100c	♦	6.9
Feb	Aug	Eastern Trans Cons 50c	£15	30.12	Q85c	4.9	2.8
Sept	Feb	Hampton Areas 10p	213	30.12	3.75	2.1	2.4
—		♥Highwood Res...	205	—	—	—	—
May	Aug	Homestake Mining $1..	£21½	2.11	Q20c	—	0.7
October		Northgate C$1	315	9/77	—	—	—
Jan.	July	R.T.Z.	673	31.10	t17.0	2.9	3.6
Jan	July	Do.9¾%Cv.Ln.9%-2000	£148½	31.10	Q9½%	32.5	f6.4
—		♥Sabina Inds C$1	85	—	—	—	—
—		♥Tara Expln $1..	£11¼	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	72	−2	Fin. 13% 97/02.	£97	.....
Bdg'wtr. Est. 50p	325	.....	Alliance Gas	85	+5
Craig & Rose £1	900	.....	Arnott	217	.....
Finlay Pkg. 5p	46	.....	CPI Hldgs.	87xd	.....
Higsons Brew	82	+2	Carroll Inds.	118	.....
Holt (Jos) 25p	890	.....	Hall (R. & H.)	63	.....
I.O.M. Stm. £1	127	.....	Heiton Hldgs.	25	.....
			Irish Ropes	49xd	+5
IRISH			Jacob (W. & R.)	66	−2
Exch. 12% 1985	£99	.....	T.M.G.	70	.....
Nat 9¾% 84/89	£86¼	.....	Unidare	77	.....

For Concrete Prods see CPI

OPTIONS

3-month Call Rates

Industrials					
Allied Lyons	13	House of Fraser	21	Vickers	12
BOC Grp	20	I.C.I.	45	Woolworth Hld	35
B.S.R.	18	"Imps"	12		
Babcock	15	I.C.L.	6	**Property**	
Barclays Bank	46	Ladbroke	21	Brit. Land	9
Beecham	28	Legal & Gen.	45	Cap. Counties	15
Blue Circle	40	Lex Service	35	Land Sec.	34
Boots	17	Lloyds Bank	50	MEPC	24
Bowaters	22	"Lofs"	3	Peachey	17
Brit. Aerospace	19	London Brick	10	Samuel Props.	12
B.A.T.	14	Lucas Inds.	16	Sterling Guar.	4
Brown (J.)	3	"Mams"	12		
Burton Ord.	38	Mrks. & Spncr	20	**Oils**	
Cadburys	11	Midland Bank	42	Bristol Oil & Min.	6
Courtaulds	11	N.E.I.	10	Brit. Petroleum	35
Debenhams	14	Nat. West. Bank	55	Burmah Oil	16
Distillers	20	P & O Dfd.	22	Charterhall	8
Dunlop	5	Plessey	20	Premier	5
Eagle Star	60	Racal Elect.	18	Shell	50
F.N.F.C.	6½	R.H.M.	7	Tricentrol	20
Gen. Accident	42	Rank Org. Ord.	19	Ultramar	60
Gen. Electric	17	Reed Intnl.	34		
Glaxo	75	Sears	8	**Mines**	
Grand Met.	30	T.I.	14	Charter Cons.	22
G.U.S. 'A'	55	Tesco	16	Cons. Gold	50
Guardian	45	Thorn EMI	55	Lonrho	8
G.K.N.	16	Trusthouse	16	Rio T. Zinc	58
Hawker Sidd	32	Turner & Newall	8		
		Unilever	75		

"Recent Issues" and "Rights" Page 14

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

U.S. economic data dominates

BY COLIN MILLHAM

SMALL nervous movements characterised the dollar on the foreign exchanges last week, with almost all the interest centering on U.S. economic statistics. Suggestions by President Reagan that the U.S. budget deficit should be cut by $100bn over the next three years, and by Mr Donald Reagan, U.S. Treasury Secretary, about lower interest rates in 1984 had little impact overall as the market concentrated on the trade figures and other data from the U.S.

Expectations that Mr Reagan was about to announce his intention to run for another term of office as president lent some support to the dollar however.

Trading began on a quiet note, and never achieved any great volume during the week. The dollar fell on Monday as a further response to indications that interest rates will not be forced up because of inflationary pressure following the modest rise in U.S. fourth quarter gross national product announced the previous week.

The first statistic published last week was U.S. consumer prices in December, and these showed the expected modest rise of 0.3 per cent, indicating that inflation remains under control. This gave a slight boost to the dollar, but was overshadowed the following day when durable goods orders in December recorded a surprising fall of 1.1 per cent. The initial reaction was to sell the dollar, but it soon recovered in nervous trading as dealers tended to disregard the durable goods figure as a reliable guide to the pace of U.S. economic growth, because of the statistic's known volatility.

Attention quickly switched to the December trade figures, but the market will also take note of leading indicators due for publication tomorrow. Weekly M1 money supply figures were of less concern, with an expected fall last Friday and this week keeping M1 well within the official target range.

A U.S. trade deficit of $6.3bn was lower than anticipated, and better than November's $7.4bn shortfall, and this helped the dollar finish the week on a firm note, but little changed from the previous Friday.

Sterling was also steady, but had a firm undertone after the announcement of a much larger than expected UK trade surplus in December.

£ in New York

	Jan. 27	Previous
Spot	$1.4060-4070	$1.4025-4035
1 month	0.06-0.07 dis	0.05-0.06 dis
3 months	0.15-0.17 dis	0.15-0.17 dis
12 months	0.70-0.74 dis	0.68-0.73 dis

£ forward rates are quoted in U.S. cents discount.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.4035	1.4041	1.4051	1.4066	1.4107
D-Mark	3.9625	3.9513	3.9300	3.9005	3.8416
French Franc	12.1025	12.1325	12.2150	12.3578	12.6210
Swiss Franc	3.1575	3.1425	3.1125	3.0722	2.9906
Japanese Yen	329.0	328.2	326.7	324.0	319.0

BANK OF ENGLAND TREASURY BILL TENDER

	Jan 27	Jan. 20		Jan 27	Jan. 20
Bills on offer	£100m	£100m	Top accepted rate of discount	8.8643%	8.8643%
Total of applications	£718.985m	£594.575m	Average rate of discount	8.8590%	8.8651%
Total allocated	£100m	£100m	Average yield	9.06%	9.07%
Minimum accepted bid	£97.79	£97.785*	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	97%	6%			

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	46.0992	+2.67	+1.96	±1.5447
Danish Krone	8.14104	8.17840	+0.46	−0.25	±1.6425
German D-Mark	2.24184	2.25589	+0.63	−0.08	±1.0642
French Franc	6.87456	6.90285	+0.41	−0.30	±1.4052
Dutch Guilder	2.52595	2.53946	+0.53	−0.18	±1.4964
Irish Punt	0.72569	0.729172	+0.48	−0.23	±1.6699
Italian Lira	1403.49	1375.16	−2.02	−2.02	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Jan 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3995-1.4075	1.4030-1.4040	0.03-0.08c dis	−0.47	0.13-0.18dis	−0.44
Canada	1.7480-1.7640	1.7510-1.7520	0.05-0.15c dis	−0.68	0.18-0.28dis	−0.52
Nethlnd.	4.44-4.47	4.45½-4.46½	1⅛-⅞c pm	3.03	3⅛-3⅞ pm	3.14
Belgium	80.60-81.00	80.75-80.85	5-15c dis	−1.48	40-50 dis	−2.23
Denmark	14.32½-14.37½	14.35½-14.36½	2⅞-3⅞ore dis	−2.71	6½-7½ dis	−1.95
Ireland	1.2760-1.2820	1.2790-1.2800	0.28-0.34p dis	−2.81	0.75-0.87dis	−2.56
W. Ger.	3.94½-3.97	3.95¾-3.96¾	1⅛-⅞pf pm	3.41	3½-3 pm	3.28
Portugal	189.75-192.00	191.25-191.75	140-390c dis	−16.60	485-985dis	−15.35
Spain	223.00-223.75	223.05-223.25	180-210c dis	−10.49	575-620dis	−10.71
Italy	2,406-2,415	2,410-2,412	13½-15½lire dis	−7.22	43½-45½dis	−7.38
Norway	11.04-11.08	11.05-11.06	3¼-3⅞ore dis	−3.87	9¼-10⅞ dis	−3.84
France	12.08-12.12	12.09¾-12.10¾	2½-3½c dis	−2.97	10⅛-11⅛dis	−3.72
Sweden	11.44-11.48	11.45½-11.46½	1½-2ore dis	−1.83	4-4½ dis	−1.48
Japan	328-330½	328½-329½	0.80-0.75y pm	2.83	2.35-2.20 pm	2.76
Austria	27.82-27.97	27.87-27.92	7½-6gro pm	2.93	23½-18½ pm	2.97
Switz.	3.14-3.16½	3.15¼-3.16¼	1⅝-1¼c pm	5.70	4⅜-4⅛ pm	5.70

Belgian rate is for convertible francs. Financial franc 82.15-82.25. Six-month forward dollar 0.28-0.33c dis. 12-month 0.67-0.77c dis.

THE DOLLAR SPOT AND FORWARD

Jan 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3995-1.4075	1.4030-1.4040	0.03-0.08c dis	−0.47	0.13-0.18dis	−0.44
Ireland†	1.0960-1.1010	1.0960-1.0970	0.24-0.20c pm	2.40	0.67-0.58 pm	2.30
Canada	1.2465-1.2483	1.2475-1.2480	par-0.02c dis	−0.10	0.01pm-0.01dis	—
Nethlnd.	3.1650-3.1770	3.1760-3.1770	1.00-0.90c pm	3.60	2.85-2.75 pm	3.54
Belgium	57.40-57.70	57.56-57.58	4½-6½c dis	−1.14	25-27 dis	−1.80
Denmark	10.20-10.24	10.23¼-10.23¾	¼-¾ore dis	−0.58	1-1½ dis	−0.49
W. Ger.	2.8110-2.8250	2.8225-2.8235	0.88-0.83pf pm	3.64	2.65-2.60 pm	3.72
Portugal	135.65-136.65	136.00-136.50	100-225c dis	−14.27	340-690dis	−15.07
Spain	158.75-159.25	158.95-159.05	120-140c dis	−9.80	390-435dis	−10.37
Italy	1,714-1,723	1,718-1,719	9½-10½lire dis	−6.88	29¾-30¾ dis	−7.03
Norway	7.8700-7.8900	7.8750-7.8800	2-2½ore dis	−3.43	6-6½ dis	−3.17
France	8.6025-8.6425	8.6225-8.6275	1.80-1.95c dis	−2.61	7.00-7.40dis	−3.34
Sweden	8.1600-8.1800	8.1650-8.1700	0.45-0.95ore dis	−1.03	1.90-2.40dis	−1.03
Japan	234.00-234.40	234.20-234.30	0.67-0.63y pm	3.33	1.90-1.85y pm	3.20
Austria	19.82-19.90¼	19.89-19.90	5.90-5.30gro pm	3.38	17½-15¼ pm	3.37
Switz.	2.2390-2.2490	2.2470-2.2480	1.20-1.16c pm	6.31	3.40-3.36 pm	6.02

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 58.55-58.60.

OTHER CURRENCIES

Jan' 27	£	$		£ Note Rates
Agentina Peso	36.33-36.41	25.89-25.92	Austria	27.75-28.05
Australia Dollar	1.5300-1.5330	1.0910-1.0920	Belgium	81.60-82.40
Brazil Cruzeiro	1,487.7-1,495.8	1,060-1,065	Denmark	14.27-14.41
Finland Marka	8.3410-8.3640	5.9470-5.9520	France	12.04-12.16
Greek Drachma	144.85-145.25	103.10-103.40	Germany	3.94-3.98
Hong Kong Dollar	10.94-10.95	7.8005-7.8026	Italy	2400-2440
Iran Rial	124.50*	88.75*	Japan	327-332
KuwaitDinar(KD)	0.4130-0.4135	0.29438-0.29445	Netherlands	4.42-4.46
Luxembourg Fr.	80.75-80.85	57.56-57.58	Norway	11.00-11.11
Malaysia Dollar	3.2825-3.2855	2.3390-2.3405	Portugal	194-209
New Zealand Dlr.	2.1575-2.1625	1.5385-1.5410	Spain	223-233
Saudi Arab. Riyal	4.9250-4.9315	3.5100-3.5110	Sweden	11.40-11.51
Singapore Dollar	2.9870-2.9930	2.1300-2.1315	Switzerland	3.13-3.16
Sth African Rand	1.7755-1.7775	1.2650-1.2665	United States	1.39-1.41
U.A.E. Dirham	5.1535-5.1590	3.6720-3.6730	Yugoslavia	201-212

*Selling rates.

CURRENCY MOVEMENTS

Jan. 27	Bank of England Index	Morgan Guaranty Changes%
Sterling	81.9	−8.5
U.S. dollar	131.8	+19.3
Canadian dollar	92.6	+0.6
Austrian schilling	113.2	+2.6
Belgian franc	88.6	−12.5
Danish kroner	77.3	−6.6
Deutsche mark	123.3	+6.4
Swiss franc	149.6	+13.7
Guilder	113.1	+3.6
French franc	66.4	−15.9
Lira	48.2	−12.7
Yen	157.4	+13.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.736228	0.570582
U.S. $	8½	1.03440	0.801725
Canadian $	9.98	*	0.999912
Austria Sch.	3¾	20.5204	15.9062
Belgian Fr	10	59.4702	46.0992
Danish Kr.	7	10.5576	8.17840
D'mark	4	2.91091	2.25589
Guilder	5	3.27698	2.53946
French Fr.	9½	8.90412	6.90285
Lira	17	1774.35	1375.16
Yen	5	242.360	187.708
Norwgn Kr.	8	8.14693	6.30837
Spanish Pta.	—	164.288	127.394
Swedish Kr.	8½	8.42933	6.54007
Swiss Fr	4	2.31767	1.79651
Greek Dr'ch	20½	106.838	82.8904

*C$/SDR rate for Jan 26: 1.28992.

EXCHANGE CROSS RATES

Jan. 27	Pound St'rling	U.S. Dollar	Deusche m'k	JananeseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.404	3.963	329.0	12.103	3.158	4.460	2411.	1.752	80.80
U.S. Dollar	0.713	1.	2.823	234.3	8.625	2.248	3.177	1719.	1.248	57.57
Deutschemark	0.252	0.354	1.	83.03	3.054	0.797	1.126	608.5	0.442	20.39
Japanese Yen 1,000	3.040	4.266	12.04	1000.	36.79	9.597	13.56	7328.	5.324	245.5
French Franc 10	0.826	1.160	3.274	271.8	10.	2.609	3.685	1992.	1.447	66.76
Swiss Franc	0.317	0.444	1.255	104.2	3.833	1.	1.413	763.6	0.555	25.59
Dutch Guilder	0.224	0.315	0.888	73.77	2.714	0.708	1.	540.6	0.393	18.12
Italian Lira 1,000	0.415	0.582	1.644	136.5	5.020	1.310	1.850	1000	0.726	33.51
Canadian Dollar	0.571	0.801	2.262	187.8	6.910	1.803	2.546	1377.	1.	46.13
Belgian Franc 100	1.238	1.737	4.904	407.2	14.98	3.908	5.520	2984.	2.168	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9⅛-9¼	9⅜-9⅝	9⅜-9⅞	5⅞-6	⅝-¾	5⅜-5⅝	11¾-12	15¾-16¾	9¾-10¼	10-10½	6⅛-6¼	10⅝-11⅝
7 days' notice	9⅛-9¼	9⅜-9⅝	9⅜-9⅞	5⅞-6	5⅛-5⅜	5⅜-5⅝	11⅞-12⅛	15½-17	10-10½	10¼-10½	6⅛-6¼	10¾-11¼
Month	9⅛-9¼	9½-9¾	9½-9¾	5⅞-6	3⅛-3⅜	5⅜-5⅝	12⅛-12⅜	16½-17¼	10¾-11¼	10⅜-10⅝	6⅛-6¼	11⅛-11⅝
Three months	9⅛-9⅜	9⅝-9⅞	9⅝-9⅞	6-6⅛	3⅛-3⅜	5⅞-6	12½-13⅛	16⅞-17⅜	11⅛-11⅞	10⅞-11⅛	6⅛-6¼	11-11½
Six months	9⅞-9¾	9¾-10⅛	9¾-10	6⅛-6¼	3⅞-4	6⅛-6⅜	13¾-14	17¼-17¾	11½-12	11⅛-11⅜	6⅛-6¼	11-11½
One year	9⅞-10	10⅛-10⅜	10-10¼	6½-6⅝	4⅛-4⅜	6⅜-6½	14⅜-14⅝	17¾-18½	11½-12	11⅛-11⅜	6½-6¾	11-11½

Asian $ (closing rates in Singapore): Short-term 9½-9⅝ per cent; seven days 9 9/16-9 11/16 per cent; one month 9 9/16-9 11/16 per cent; three months 9 13/16-9 15/16 per cent; six months 9⅞-10 per cent; one year 10¼-10⅜ per cent. Long-term Eurodollars two years 10⅞-11⅛ per cent; three years 11½-11¾ per cent; four years 11⅞-12⅛ per cent; five years 12-12¼ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Little change expected

INTEREST rates had a slightly easier tone on the London money market last week, but there was little expectation of any major change in UK rates within the immediate future. Mr Richard Petherbridge, senior managing director of the Union Discount Company of London, commenting on the present situation at the announcement of the company's results last week, suggested that little change is likely at present, but that much depends on events in the U.S.

> UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

He pointed out that previous rises in London rates have generally followed a fall in the value of sterling, but this was no guarantee of movements in future. If a sharp fall in the dollar should occur later this year it may be followed by an increase in U.S. rates, and because of the close relationship between New York and London this could result in upward pressure on British bank base rates in spite of the fact that the pound was relatively strong.

Day-to-day credit conditions were rather volatile in London last week because of seasonal tax payments. On Monday and Tuesday the daily shortage was in the region of £450m, but on Wednesday a flat position was initially forecast, changed to a surplus of about £50m in the afternoon. This came as something of a surprise to the market, where a shortage of at least £200m had been expected. The difference represented the failure of tax payments to arrive in London from the north of the country, where heavy snow had caused considerable disruption to the transport system.

Conditions were still confused because of the bad weather on Thursday, when the authorities at first forecast a shortage of £150m, but then revised it to £200m, and later to £250m, but help on the day totalled only £182m.

This was a small factor behind Friday's very large shortage of £750m, which was roughly met by the authorities through bill purchases of £736m, including repurchase agreements of £368m for bills to be returned to the market on three different days this week.

MONEY RATES

Jan. 27	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.55	11⅛	24¾-25¾	5¾-5⅞	6.15625	17⅝-18	10.50	12¼-12½
One month	5.90-6.00	12 1/16-12 3/16	3 1/16-3 3/16	5⅞-6	6.15625	17½-17⅞	10⅜-10¾	12¼-12½
Two months	5.95-6.05	12⅛-12¼	—	—	—	—	—	12¼-12½
Three months	6.05-6.20	12 3/16-12 5/16	3½-3⅝	6-6¼	6.28125	17¾-18⅛	10⅞-11⅛	12¼-12½
Six months	6.25-6.35	12 5/16-12 7/16	—	6⅛-6¼	—	—	11⅛-11⅜	12¼-12½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Jan. 27 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	7-9⅜	9-9⅛	8-9½	7-9⅛	—	—	—	—	—
2 days notice	—	—	9-9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9 1/16-9 3/16	9-9⅛	9⅛-9½	9-9⅛	—	—	—	—	—
One month	9¼ 9 3/16	9 1/16-9 3/32	9⅛	9½	9-9 1/16	9-9⅛	8 13/16	9 1/32	8 31/32	9 11/32
Two months	9 3/16-9¼	9 1/16-9⅜	9⅛	9⅝	9-9 1/16	8 15/16	8⅞	8 31/32	8 15/16	9 9/32
Three months	9⅜-9 3/16	9⅜-9½	9¼	9¾	9-9⅛	8⅞	8 11/16-8 25/32	8 29/32	8⅞	9 7/32
Six months	9 7/16-9 9/16	9 15/32-9 17/32	9½	—	—	—	—	9 1/32	8 31/32	9 11/32
Nine months	9 13/16 9½	9¾-9⅞	9¾	—	—	—	—	—	—	—
One year	9 11/16 9⅝	9⅞-10	9¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9¾-9½	—	9⅛	9.4-9.5	8 13/16-9	9-9¼
Two months	9¾-9½	—	9¼	9.45-9.55	8⅝-8⅞	9 3/16-9⅜
Three months	9¾-9½	—	9⅜	9.45-9.55	8¾-9	9 5/16-9½
Six months	9¼-9	—	9 7/16	9.6 9.7	9-9¼	9⅝-9 15/16
Nine months	9⅞-9⅝	—	9¾	9.8-10.0	—	—
One year	9⅞-9⅝	—	10	9.9-10.1	9¼-9⅝	9 13/16-10⅛
Two years	—	10⅜	—	—	—	—
Three years	—	10½	—	—	—	—
Four years	—	10⅝	—	—	—	—
Five years	—	10⅞	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 9.492 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Fixed Houses Base Rates (published by the Finance Houses Association): 9½ per cent from January 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8590 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month: 9½ per cent; one-three months 9⅜ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from January 12. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (4 pm)

Prime rate	11
Broker loan rate	10¼-10½
Fed funds	9¼
Fed funds at intervention	9½

Treasury Bills

One month	8.75
Two month	8.75
Three month	8.90
Six month	8.97
One year	9.00

Treasury Bonds

Two year	100 1/32
Three year	100 7/16
Four year	100 13/32
Five year	100 7/32
Seven year	101 5/16
10 year	100 13/16
30 year	102½

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. January 27)

3 months U.S. dollars	
bid 9 11/16	offer 9 13/16

6 months U.S. dollars	
bid 9 7/8	offer 10

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.23	90.26	90.20	90.22
June	89.86	89.89	89.83	89.86
Sept	89.55	89.57	89.53	89.55
Dec	89.26	89.26	89.22	89.26
March	89.07	—	—	89.07

Volume 2,429 (2,097)
Previous day's open int. 3,288 (3,281)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	90.63	90.65	90.63	90.65
June	90.38	90.39	90.37	90.39
Sept	90.17	90.19	90.16	90.18
Dec	90.03	90.04	90.01	90.00

Volume 407 (1,141)
Previous day's open int. 6,066 (6,059)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	108-10	108-23	108-10	108-19
June	107-18	107-29	107-17	107-28
Sept	107-03	—	—	107-12
Dec	106-20	—	—	106-30
March	106-05	—	—	106-16

Volume 2,095 (3,694)
Previous day's open int. 3,970 (3,789)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4045	1.4075	1.4010	1.4100
June	1.4061	1.4061	1.4056	1.4115
Sept	1.4081	—	—	1.4135

Volume 158 (285)
Previous day's open int. 2,408 (2,401)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3563	0.3570	0.3560	0.3582
June	0.3595	—	—	0.3614
Sept	0.3647	—	—	0.3666

Volume 20 (48)
Previous day's open int. 394 (371)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4488	0.4488	0.4480	0.4508
June	0.4554	—	—	0.4558
Sept	—	—	—	—

Volume 14 (18)
Previous day's open int. 151 (156)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4287	0.4289	0.4287	0.4290
June	0.4324	—	—	0.4330
Sept	—	—	—	—

Volume 2 (23)
Previous day's open int. 314 (312)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	71-04	71-10	71-03	71-05
June	70-17	70-23	70-16	70-18
Sept	69-31	70-06	69-31	70-00
Dec	69-15	69-20	69-15	69-15
March	69-00	69-04	69-00	69-00
June	68-18	68-19	68-18	68-18
Sept	68-06	68-10	68-06	68-05
Dec	67-27	—	—	67-26
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev
March	91.05	91.09	91.05	91.04
June	90.73	90.77	90.74	90.72
Sept	90.43	90.46	90.43	90.42
Dec	90.17	90.19	90.17	90.16
March	89.90	89.94	89.90	89.90
June	89.65	89.68	89.65	89.65
Sept	89.43	89.46	89.43	89.43
Dec	89.23	89.25	—	89.24

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
March	90.43	90.46	90.42	90.40
June	90.01	90.04	90.01	89.98
Sept	89.65	89.68	89.66	89.62
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev
March	89.95	89.98	89.93	89.92
June	89.58	89.61	89.57	89.55
Sept	89.26	89.28	89.25	89.23
Dec	88.96	88.98	88.95	88.93
March	88.67	88.68	88.66	88.64
June	88.41	88.41	88.40	88.40

STERLING (IMM) $s per £

	Close	High	Low	Prev
March	1.4060	4080	4010	1.4065
June	1.4080	4085	4025	1.4070
Sept	1.4095	4115	4100	1.4090
Dec	1.4115	4135	4070	1.4130
March	1.4135	4155	4100	1.4200

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	70-00	70-09	69-31	70-01
June	69-03	69-10	69-03	69-04
Sept	68-08	68-12	68-08	68-09
Dec	67-16	67-20	67-16	67-19
March	—	—	—	—
June	66-09	66-13	66-09	66-10
Sept	65-26	—	—	65-27
Dec	65-13	—	—	65-14
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

WEEKLY CHANGE IN WORLD INTEREST RATES

	Jan. 27	change		Jan. 27	change
LONDON			NEW YORK		
Base rates	9	Unch'd	Prime rates	11	Unch'd
7 day Interbank	9¼	+ 1/16	Federal funds	9¼	− 1/16
3 mth Interbank	9 5/16	Unch'd	3 Mth. Treasury Bills	8.90	+0.02
Treasury Bill Tender	8.8590	+0.0071	6 Mth. Treasury Bills	8.95	−0.03
Band 1 Bills	9 1/16	Unch'd	3 Mth. C D	9.40	Unch'd
Band 2 Bills	9	Unch'd	FRANKFURT		
Band 3 Bills	8⅞	Unch'd	Lombard	5.50	Unch'd
3 Mth. Treasury Bills	8⅞	+ 1/16	One Mth. Interbank	5.95	−0.05
1 Mth. Bank Bills	9 1/32	Unch'd	Three month	6.125	Unch'd
3 Mth. Bank Bills	8 29/32	Unch'd	PARIS		
TOKYO			Intervention Rate	12	Unch'd
One month Bills	6.15625	+0.0625	One Mth. Interbank	12.25	+0.0625
Three month Bills	6.28125	Unch'd	Three month	12.25	Unch'd
BRUSSELS			MILAN		
One month	10 5/16	+ 1/16	One month	17 11/16	Unch'd
Three month	11	Unch'd	Three month	17 15/16	Unch'd
AMSTERDAM			DUBLIN		
One month	5 15/16	+ ⅛	One month	12⅜	+ ¼
Three month	6⅛	+ 1/16	Three month	12⅜	+ ¼

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 8⅞.